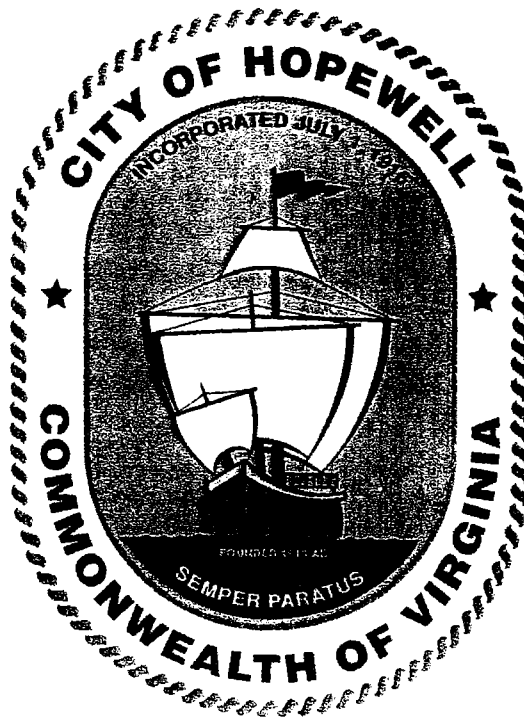


# **CITY OF HOPEWELL**

## **VIRGINIA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

## ***INTRODUCTORY SECTION***

# **CITY OF HOPEWELL, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2006**

Prepared by  
Department of Finance  
Elesteen Hager, Director

CITY OF HOPEWELL, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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CITY OF HOPEWELL, VIRGINIA  
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# CITY OF HOPEWELL, VIRGINIA

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## Members of the City Council

Vanessa C. Justice, Mayor  
Stephen R. Taylor, Vice-Mayor

Curtis W. Harris

Milton C. Martin, Jr.

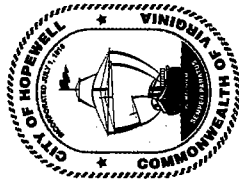
E. Randy Sealy

Robert C. Smith

Brenda S. Pelham

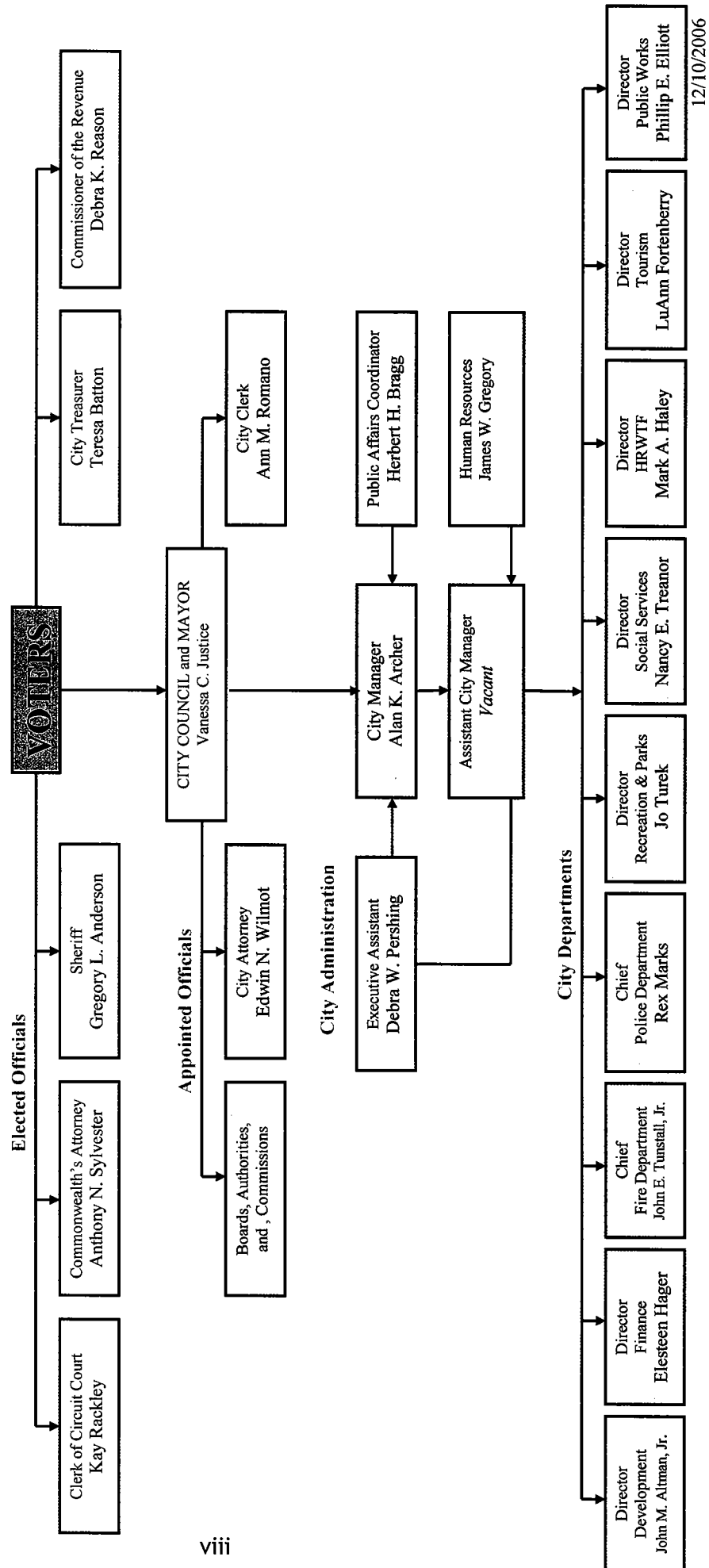
## City Officials

City Manager .....	Alan K. Archer
City Attorney .....	Edwin N. Wilmot
City Clerk .....	Ann Romano
City Treasurer .....	Teresa L. Batton
Commissioner of Revenue .....	Debra A. Reason
Commonwealth's Attorney .....	Anthony N. Sylvester
Clerk of Circuit Court .....	Kay H. Rackley
Sheriff .....	Gregory L. Anderson
Superintendent of Schools .....	Dr. Winston Odom
Director of Development .....	John M. Altman, Jr.
Director of Social Services .....	Nancy Treanor
Director of Public Works .....	Phillip Elliot
Director of Regional Wastewater Treatment Facility .....	Mark A. Haley
Director Recreation .....	Mary Jo Turek
Chief, Fire Department .....	John E. Tunstall, Jr.
Chief, Police Department .....	Rex H. Marks
Director of Finance .....	Elesteen Hager



# Organizational Chart

## 2006



12/10/2006

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hopewell  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

October 3, 2006

The Honorable Members of City Council  
City of Hopewell, Virginia:

**TO THE HONORABLE MEMBERS OF CITY COUNCIL:**

The Comprehensive Annual Financial Report of the City of Hopewell, Virginia (the City) for the year ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, Certificate of Achievement for Excellence in Financial Reporting, and the City's organizational chart. The financial section includes the independent auditors' report, management's discussion and analysis, basic financial statements, fund financial statements, required supplementary information, other supplementary information, and statistical section. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and questioned costs, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in a compliance section.

The financial reporting entity includes all funds and account groups of the primary government (i.e., the City), as well as the component units for which the City is financially accountable. Effective June 30, 2003, the City implemented GASB Statement No. 34 of the Government Accounting Standards Board titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments Financial Reporting Entity*. Statement No. 34 established new standards for defining and reporting on the financial reporting entity. The most significant changes resulting from the application of this statement was to include two additional financial statements: Statement of Net Assets and Statement of Activities along with management's discussion and analysis.

The City of Hopewell is governed by the city manager-city council form of government, whereby the city manager is responsible for carrying out the policy decisions of city council. City department directors manage individual departments and report the city manager. Hopewell has two separate component units-Hopewell Schools and Comprehensive Services Act Board.

The City provides a full range of services. These services include police and fire protection; sanitation services; health and social services; the construction and maintenance of roads, streets, other infrastructure, and recreational activities and cultural events. In addition to general government activities, the operations of the Hopewell Regional Wastewater Treatment Facility are also part of the primary government and included in the reporting entity.

## **ECONOMIC CONDITION AND OUTLOOK**

Hopewell is located approximately 25 miles southeast of Richmond, Virginia, the state capital. The City is considered developed out with respect to land use, except for several industrial zoned sites. Almost all new residential development is fill-in because the City has no large undeveloped land parcels. Until such time that the state General Assembly grants additional taxing authority, removes the annexation moratorium, assumes funding responsibility for state mandated services or some combination thereof, the city's revenue potential will remain limited. Hopewell is reported as one of the top fiscally stressed cities within the Commonwealth of Virginia.

The City has joined thirteen other Virginia cities to form the Virginia First Cities Coalition. This group is gathering and providing data to the General Assembly on the needs and issues facing Virginia's older inner cities. The issues facing this group are unique to older inner cities and not counties in Virginia and the General Assembly must address these problems.

The Development Department coordinated and assisted in moving ahead with the city's Downtown Revitalization Plan by awarding the construction contract on the new Appomattox Regional Library Headquarters Building, completing two major studies during the FY 04-05; the Downtown Revitalization Plan and the Housing Revitalization Plan. The city has already sold \$20 million of bonds to move forward with implementing the Downtown Revitalization Plan.

Major new business expansions included: Ruby Tuesday restaurant, Huddle House restaurant, new nursing home, two new subdivisions with 220 lots and opening of the Beacon Theater with completion of Phase II renovation.

## **SIGNIFICANT EVENTS AND ACCOMPLISHMENTS**

The list below highlights some of the City's achievements/events for 2006:

Hopewell Schools- School division met all of the requirements for full state accreditation and the requirements for federal Adequate Yearly Progress. School division was recognized by State Board of Education as one of Virginia's Distinguished Title I School Division for 2006. School division was recognized as "One of Seven Best in Virginia" of the "100" Communities for Music Education in America awards. Hopewell High School was one of sixty-nine schools in Virginia to be recognized by Standards and Poor's school evaluation services for narrowing the "achievement gap."

Fire Dept.- Fire department participated in the Virginia Department of emergency Management '06 Functional Exercise. The purpose of the exercise was to test emergency responders and senior officials ability to respond to multiple disasters and to validate Emergency Operation Plan. Code Enforcement Division began city Rental Inspection Program. The goal of the program is to promote safe living accommodations for citizens and comply with the Virginia Uniform Building Code. Department received grant to provide fire alarms and educational materials for city residential dwellings. Fire fighters install alarms free of charge to resident.

City Treasurer/  
Commissioner of  
Revenue -

Interest income totaled \$1.7 million, more than doubling the amount earned for the previous year. City Treasurer and Commissioner of Revenue joined forces to discontinue the antiquated “city decal sticker” and convert it to a vehicle license fee which gets added to tax payer’s tax bill. No more long lines for citizens to purchase the city decal sticker.

Recreation Dept.-

Recreation Department held its first “recreation expo” highlighting recreational programs, facilities, activities and more for city residents. From this effort a CD was developed as a promotional tool for both current and future residents. Construction was begun on the Atwater Soccer Fields concession and restrooms facility with completion expected in the fall of 2006. Recreation staff assisted with the opening of the Appomattox Trailhead Park.

Social Service  
Department -

Social Services programs generated \$29 million dollars of consumer spending in the local economy. Department incurred a weighted average increase in demand for services of 14%.

Tourism -

Hopewell joined with six other local jurisdictions to form a regional tourism board. The goal of this board is to promote tourism on a regional basis that benefits all participants.

HRWTF-

HRWTF achieved Virginia DEQ’s E-3 (E-3 = Exemplary Environmental Enterprise) Status for implementation of an environment management system. HRWTF employees had a perfect safety record during the fiscal year with zero reportable accidents.

External partnerships include:

**Hopewell on-line** – Hopewell is among the Tri-City area governments with local information on the Internet. Like the City’s award-winning Automated Citizens Information System, Hopewell’s home page is constantly expanding to include not only information about local government, but also links to there agencies, businesses, and organizations in Hopewell. It is a true partnership effort; check it out at <http://www.ci.hopewell.va.us>.

Internal partnerships include:

**Vision Committee** – This is a standing committee whose primary charge is selecting an “employee of the quarter”; “the spark plug” which recognizes an individual for his/her contribution, and the “touch of class” which recognizes a group or team for its contribution to a problem solution.

**Suggestion/Innovation Award Program** – The purpose of this program is to encourage all full and part-time employees to contribute constructive suggestions and innovative solutions which may result in work efficiencies, energy savings, or monitory savings to the City. In addition, it encourages increased effectiveness of service to the public, safer working conditions, and better public relations. The City Manager may award up to \$500 to the individual or individuals that meet the recommended objectives of this program.

## **FINANCIAL INFORMATION**

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### ***Single Audit***

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by city management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### ***Budgetary Controls***

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at function level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, except for encumbrances and project-length capital projects, lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### ***General Governmental Functions***

Total revenues from governmental funds, which include General, Special Revenue, and Capital Projects plus the School Board and Comprehensive Services Act Board component units, total \$85,934,981 in 2006. This represents an increase of \$4,869,902 or 6.0% from 2005. General taxes and intergovernmental revenues accounted for over 80% of revenues in the governmental funds.

Assessed real property valuations of \$929 million represent an increase of \$3 million over the preceding year. This increase in assessed valuation reflects new construction. Property tax collections were 98.1% of the tax levy, an increase of .1% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 99.3%, an increase of .3% from last year.

Total expenditures from governmental funds, which include General, Special Revenue, and Capital Projects plus the School Board and Comprehensive Services Act Board component units, total \$90,363,951 in 2006. This represents an increase of \$8,395,761 or 98% over 2005.

Further detailed analysis of revenues and expenditures can be found in the Management Discussion and Analysis section beginning on page 3.

## ***Fund Balances***

Fund balances and retained earnings in the major operating funds were maintained at adequate levels. The General Fund balance did see an increase this year. The unreserved undesignated fund balance for the General Fund was \$6,862,815 on June 30, 2006. This represents an increase of \$2,142,086 or 45% from June 30, 2005. Unreserved designated balances include: \$364,497 for fire equipment replacement, \$144,946 for youth care commission, \$43,438 for tourism office, \$16,796 for ACIS phone system and \$3,382,826 for the City's self-insurance fund.

Other Governmental Funds unreserved undesignated fund balance was \$405,094, a decrease of \$98,428 over last year.

Capital Projects Fund expenditures amounted to \$10,232,346 of which \$6,254,211 was spent on community development and infrastructure improvements and \$3,978,135 was for long-term debt service.

The Capital Projects Fund combined undesignated fund balance at June 30, 2006 was \$8,350,203.

## ***Proprietary Funds***

The City's enterprise operations are comprised of three separate and distinct funds: the Regional Wastewater Treatment Facility Fund, the Sewer Service Fund and the Solid Waste Fund. Each activity is operated without any interfund transfers from the General Fund.

The Hopewell Regional Wastewater Treatment Facility Fund had net income of \$390,792 for the year ended June 30, 2006, after the depreciation expense transfer of \$2,846,041 to contributed capital. The Sewer Service Fund had net income of \$1,713,689 with an unrestricted balance of \$13,483,870 as of June 30, 2006. The Solid Waste Fund had net loss of \$4,835, leaving an unrestricted balance to \$2,024,012.

## ***Pension Trust Fund Operations***

The City participates in the Virginia Retirement System (VRS) for its employees. All full-time employees accrue retirement benefits with the City paying both employer and employee required contributions. In addition, to VRS, the City offers employees the opportunity to participate in a Deferred Compensation Plan under Internal Revenue Code Section 457.

## ***Debt Administration***

The ratio of bonded debt to assessed valuation of taxable real property and the amount of bonded debt per capita are useful indicators of the City's debt position to the City management, citizens, and investors. This data for the City at the end of the 2006 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 44,584,368	2.87%	\$ 1,994

Of the G O bonded debt outstanding at June 30, 2006, \$6,821,368 was School bonds, \$8,221,000 were School literary loans, and \$29,542,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2006 include \$981,434 for compensated absences and \$1,689,555 for landfill closure maintenance costs.

## ***Cash Management***

Cash temporarily idle during the year was invested in repurchase agreements and certificates of deposit. Interest income for the fiscal year 2006 was \$1,667,681.



## ***Risk Management***

The City joined the Virginia Municipal League Insurance pool for the FY 01-02 to obtain insurance coverage for automobile liability, general liability, law enforcement liability, property and causality coverage, professional liability and excess liability coverage. As of June 30, 2006 the City had General Fund balance reserves of \$3,382,826 set aside for additional liability claims. The City's Risk Manager is continually reviewing and monitoring the insurance industry and the City's exposure to various liability risks.

## ***Prospects for the Future***

City Council adopted a budget of \$98,022,041 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2006/07.

## **OTHER INFORMATION**

### ***Independent Audit***

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer and Cox Associates was selected by the City's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent auditors' reports related specifically to the single audit are included in a separate report.

### ***Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twentieth consecutive year the City received this award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

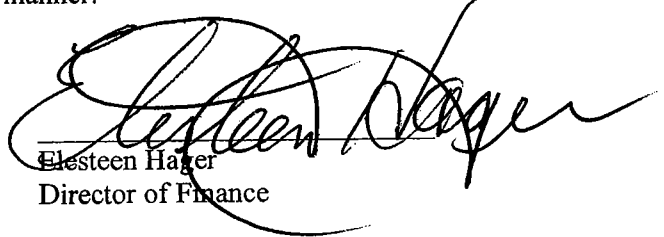
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

This report could not have been prepared in a timely manner without a great deal of cooperation and assistance by the staff in a number of City departments and the Finance Department wishes to thank them. We would like to express our appreciation to the staff members of the Department of Finance who had the primary role in the financial report preparation. We also wish to thank the Commissioner of the Revenue, the City Treasurer, their staffs and members of the Assessor and Department of Development offices who provided invaluable assistance in preparation of the report. Finally, we would like to thank the Mayor and members of City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and responsive manner.



Robert S. Herbert  
Interim City Manager



Elesteen Hager  
Director of Finance

## ***FINANCIAL SECTION***

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## *Independent Auditor's Report*

To The Honorable Members of the City Council  
City of Hopewell  
Hopewell, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2006, on our consideration of the City of Hopewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis budgetary comparison information, and Schedule of Pension Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Hopewell, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Hopewell, Virginia. The Other Supplementary Information including the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Roberson, Farnum, Cox Associate

Richmond, Virginia  
October 3, 2006

October 3, 2006

The Honorable Members of City Council  
City of Hopewell, Virginia

## **TO THE HONORABLE MEMBERS OF CITY COUNCIL:**

This section of the City of Hopewell, Virginia annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The City's net assets were \$50.1 million for the City's primary government. Of this total, \$23 million were for our business-type activities.
- The School Board Component unit total net assets for this year was \$16.8 million.
- In the city's business-type activities, operating and non-operating revenues equaled \$14.7 million while expenses were \$16.3 million.
- The total cost of all the City's programs and services was \$97.5 million.
- During this year, the City's general fund balance increased by \$2,142,086.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts — management's discussion and analysis this section, the basic financial statements, required supplementary, and an optional section that presents the combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present a different view of the City:

- The first two statements are the government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how the general government services like public safety, public works and social services were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Regional Treatment Plant, Sewer Services, and Solid Waste operations.
  - Fiduciary fund statements provide information about the financial relationships — like the City's Special Welfare Fund — in which the City acts solely as a trustee or agent for the benefit of others, to who the resources in question belong.

The financial statements includes notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1 Major Features of City of Hopewell Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the city's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses: solid waste, sewer serv.	Instances in which the City is trustee or agent for someone else's resources
Required financial Statements	<ul style="list-style-type: none"> <li>Statement of net assets</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>Statement of net assets</li> <li>Statement of revenues, expenses, and changes in net assets</li> <li>Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net assets</li> <li>Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or sooner thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the city's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they changed. Net assets — the difference between the City's assets and liabilities — is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base or the condition of the City's streets or roads.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities**—Most of the City's basic services are included here, such as the police, fire, public works, parks, and social services departments, and general administration. Property taxes and state and federal grants finance the biggest share of these activities.
- **Business-type activities**—The City charges fees to customers to help it cover the costs of certain services it provides. The city's Regional Treatment Plant, Sewer Services, and Solid Waste are included here.
- **Component units**—The City includes two other entities in its report—The Hopewell City School District and the Comprehensive Services Act Board (CSA). Although legally separate, these "component units" are important because the City is financially accountable for them and they are financially dependent on the City.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and others by legal requirements.
- The City Council may establish other funds to control and manage monies for particular purposes or to show that it is properly using certain taxes or grants.

The City has three kinds of funds:

- **Governmental funds**—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both short and long-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- **Fiduciary funds**—The City is the trustee, or fiduciary, for its employees' 457 Deferred Compensation Plan and the Special Welfare Fund. It is responsible for these assets because of a trust arrangement; they can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.



## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the fourth year the City reported under Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The city is presenting comparative data for the Management's Discussion and Analysis (MD&A).

The following table summarizes the City's Statement of Net Assets:

Table A-1

### City of Hopewell, Virginia Summary of Net Assets As of June 30, 2006

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2005-2006</u>
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
Current and other assets	\$49,640,196	\$46,901,699	\$21,826,330	\$21,240,335	\$71,466,526	\$68,142,034	-4.65%
Capital assets	<u>26,637,611</u>	<u>31,408,074</u>	<u>18,885,932</u>	<u>16,854,665</u>	<u>\$45,523,543</u>	<u>\$48,262,739</u>	6.02%
<b>Total assets</b>	\$76,277,807	\$78,309,773	\$40,712,262	\$38,095,000	\$116,990,069	\$116,404,773	
Other Liabilities	2,204,892	3,786,136	3,079,385	1,880,819	\$5,284,277	\$5,666,955	7.24%
Long-term debt outstanding	<u>50,241,437</u>	<u>47,644,584</u>	<u>13,655,587</u>	<u>12,983,286</u>	<u>\$63,897,024</u>	<u>\$60,627,870</u>	-5.12%
<b>Total Liabilities</b>	\$52,446,329	\$51,430,720	\$16,734,972	\$14,864,105	\$69,181,301	\$66,294,825	
Net assets-							
Invested in capital assets							
Net of related debt	-2,904,259	-5,034,392	5,580,932	4,169,665	\$2,676,673	(\$864,727)	-132.31%
Restricted	16,720,846	6,623,230	1,167,481	395,641	\$17,888,327	\$7,018,871	-60.76%
Unrestricted	<u>10,044,891</u>	<u>25,290,215</u>	<u>17,228,877</u>	<u>18,665,589</u>	<u>\$27,273,768</u>	<u>\$43,955,804</u>	61.17%
<b>Total net assets</b>	\$23,861,478	\$26,879,053	\$23,977,290	\$23,230,895	\$47,838,768	\$50,109,948	

Net assets increased \$3.0 million during the current fiscal year for the City's governmental activities. This increase in government net assets was affected by two particular features of the City's recent financial activity:

- Delinquent machinery and tools tax collections
- General Fund expenditures less than budgeted amount.

Net assets decreased 3.0 percent for the business-type activities. These resources are not used to make up the net asset deficit in governmental activities. The City uses these net assets to finance the continuing operations of the solid waste and sewer operations.

### Changes in net assets

Table A-2 and the narrative that follows will consider the operations of the governmental and business-type activities, separately.

### Governmental Activities

Total governmental activities revenues increased by 3 percent over 2005. At the same time, expenditures decreased by 3 percent over 2005. The combined revenue increase and expenditures decrease created additional net assets \$2.9 million.

## Business-type Activities

Charges for services revenues of the City's business-type activities increased 3 percent, and expenses increased 1 percent. (Refer to Table A-2). Factors contributing to these results include:

- Increased utility costs
- Higher employee wages and benefits.

Table A-2

### City of Hopewell, Virginia Changes in Net Assets As of June 30, 2006

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2005-2006</u>
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
<b>Revenues</b>							
Program revenues:							
Charges for services	526,440	771,174	\$14,195,204	\$14,567,448	\$14,721,644	\$15,338,622	4.19%
Federal/state grants and entitlements	11,266,690	11,331,922	1,174,420	160,762	12,441,110	11,492,684	-7.62%
General revenues:							
Property taxes	22,452,725	21,436,449	-	-	22,452,725	21,436,449	-4.53%
Other taxes	6,932,533	7,591,154	-	-	6,932,533	7,591,154	9.50%
Other	<u>1,139,526</u>	<u>2,287,753</u>	<u>339,166</u>	<u>798,307</u>	<u>1,478,692</u>	<u>3,086,060</u>	108.70%
<b>Total revenues</b>	<b>\$42,317,914</b>	<b>\$43,418,452</b>	<b>\$15,708,790</b>	<b>\$15,526,517</b>	<b>\$58,026,704</b>	<b>\$58,944,969</b>	
<b>Expenses</b>							
General government	2,945,790	2,912,135	-	-	2,945,790	2,912,135	-1.14%
Judicial	1,574,921	1,677,436	-	-	1,574,921	1,677,436	6.51%
Public safety	10,565,072	11,047,707	-	-	10,565,072	11,047,707	4.57%
Public works	3,485,748	2,887,052	-	-	3,485,748	2,887,052	-17.18%
Health & welfare	5,342,722	5,264,756	-	-	5,342,722	5,264,756	-1.46%
Education	11,179,266	11,543,304	-	-	11,179,266	11,543,304	3.26%
Parks, recreation, and cultural	2,257,163	1,896,638	-	-	2,257,163	1,896,638	-15.97%
Community development	2,030,064	1,074,519	-	-	2,030,064	1,074,519	-47.07%
Interest on long-term debt	2,141,680	2,097,330	-	-	2,141,680	2,097,330	-2.07%
Public utilities	-	-	<u>16,185,800</u>	<u>16,272,912</u>	<u>16,185,800</u>	<u>16,272,912</u>	0.54%
<b>Total expenses</b>	<b>\$41,522,426</b>	<b>\$40,400,877</b>	<b>\$16,185,800</b>	<b>\$16,272,912</b>	<b>\$57,708,226</b>	<b>\$56,673,789</b>	
Excess (deficiency) before							
Special items and transfers	<u>\$795,488</u>	<u>\$3,017,575</u>	<u>(\$477,010)</u>	<u>(\$746,395)</u>	<u>\$318,478</u>	<u>\$2,271,180</u>	
Special item	-	-	-	-	-	-	0.00%
Transfers	<u>275,000</u>	-	<u>-275,000</u>	-	-	-	0.00%
<b>Increase(decrease) in net assets</b>	<b>\$1,070,488</b>	<b>\$3,017,575</b>	<b>(\$752,010)</b>	<b>(\$746,395)</b>	<b>\$318,478</b>	<b>\$2,271,180</b>	

Table A-3 presents the cost of each of the City's largest programs—public safety, public works, education, health & welfare—as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net costs show the financial burden that was place on the City's taxpayers by each of these functions.

- The cost of these governmental activities this year was \$40.4 million.
- However, the amount that our taxpayers paid for these activities was \$30.1 million. Some of the cost was paid by:
  - Those who directly benefited from the programs, or
  - Other governments and organizations subsidized certain programs with grants and contributions.
- The city paid for the \$30.1 million "public benefit" portion with taxes and with other revenues such as interest, and unrestricted state aid.

Table A-3

**City of Hopewell, Virginia**  
**Net Cost of Certain Governmental Activities**  
**For the year ended June 30, 2006**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2005</u>	<u>2006</u>	<u>2005-2006</u>	<u>2005</u>	<u>2006</u>	<u>2005-2006</u>
Public Safety	\$10,565,072	\$11,047,707	4.57%	\$8,555,884	\$8,707,423	1.77%
Public Works	3,485,748	2,887,052	-17.18%	822,016	133,422	-83.77%
Education	11,179,266	11,543,304	3.26%	11,111,584	11,263,915	1.37%
Health & Welfare	5,342,722	5,264,756	-1.46%	1,647,631	1,777,710	7.89%
Other	<u>10,949,618</u>	<u>9,658,058</u>	-11.80%	<u>9,183,369</u>	<u>8,193,142</u>	-10.78%
<b>Total</b>	<b>\$41,522,426</b>	<b>\$40,400,877</b>		<b>\$31,320,484</b>	<b>\$30,075,612</b>	

### FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City finished this year with its general fund reporting an unrestricted fund balance of \$6.9 million, \$2.2 million above last year. This increase resulted from two primary sources: major tax payer paying delinquent taxes of \$1.2 million and General Fund actual expenditures less than budgeted expenditures of \$1.4 million.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council amended the City budget. These budget amendments fall into two categories:

- Amendments and appropriations approved after the beginning of the year to reflect prior year encumbrances that must be re-authorized for expenditure in the "new" budget year.
- Changes made to the budget midyear to address the budget priorities that changed the allocation of resources.
- Increases in appropriations for budget items occurring during the year that were not part of the original budget.

Even with these adjustments, actual expenditures were \$1.4 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept.     \$ 328,349
- Fire Department        406,266
- Police Department      229,117
- Corrections              457,325

Resources available for appropriation were \$1,653,670 above the final budgeted amount. As noted previously:

- Other local tax collections were higher than estimated
- Revenues from the Commonwealth of Virginia higher than estimated.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2006, the City had invested \$63 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, sewer plants, and sewer lines. (See Table A-4). This amount represents a net increase (including additions and deductions) of \$3.1 million, over the last year.

Table A-4

**City of Hopewell, Virginia  
Capital Assets net of Depreciation  
At June 30, 2006**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005-2006</b>
Land	\$2,562,752	\$2,562,752	\$313,946	\$313,946	\$2,876,698	\$2,876,698	0.00%
Buildings & improvements	21,730,411	20,423,022	4,383,636	3,930,126	26,114,047	24,353,148	-6.74%
Equipment	1,685,006	1,970,311	14,188,351	12,564,977	15,873,357	14,535,288	-8.43%
Construction in Progress	659,442	6,451,989	-	45,616	659,442	6,497,605	100.00%
Jointly Owened Assets	<u>14,756,170</u>	<u>15,152,770</u>	<u>-</u>	<u>-</u>	<u>14,756,170</u>	<u>15,152,770</u>	2.69%
<b>Total</b>	<b>\$41,393,781</b>	<b>\$46,560,844</b>	<b>\$18,885,933</b>	<b>\$16,854,665</b>	<b>\$60,279,714</b>	<b>\$63,415,509</b>	

This year's major capital asset additions included:

- Construction of new library building.

More detailed information on capital assets can be found in note 6 to the financial statements.

The City's fiscal year 2007 capital budget projects spending \$14.6 million of which \$3.4 million is for debt service. The City plans to use bond funds, along with cash, to undertake phase I of the Downtown Redevelopment Plan which is a multiphase plan covering 5-20 years and finish construction of a new library headquarters this year.

### LONG-TERM DEBT

At year-end the City had \$44.6 million in bonds and notes outstanding—a decrease of 6.0 percent over last year—as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Table A-5

**City of Hopewell, Virginia  
Schedule of Outstanding Debt  
At June 30, 2006**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005-2006</b>
General obligation bonds	\$38,100,511	\$36,363,368			\$38,100,511	\$36,363,368	-4.56%
Literary loans	9,052,000	8,221,000			9,052,000	8,221,000	-9.18%
Revenue bonds	<u>0</u>	<u>0</u>	<u>13,305,000</u>	<u>12,685,000</u>	<u>13,305,000</u>	<u>12,685,000</u>	-4.66%
<b>Total</b>	<b>\$47,152,511</b>	<b>\$44,584,368</b>	<b>\$13,305,000</b>	<b>\$12,685,000</b>	<b>\$60,457,511</b>	<b>\$57,269,368</b>	

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Unemployment in the City at June 30, 2006 stood at 5.7 percent versus 6.8 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to follow the national consumer price index due in part to the residential housing market and to lower energy costs.
  - The Tri-Cities CPI index was 2.5 percent for 2006.
  - The national CPI index was 2.6 percent.

These indicators and other goals were taken into account when adopting the general fund budget for 2007. Amounts available for appropriation in the general fund budget are \$37.8 million, an increase of 3.0 percent. Property taxes and public service taxes are expected to lead this increase.

Budgeted expenditures are expected to rise by 3 percent to \$37 million. The largest increments are increased wages and health insurance contributions.

If these estimates are realized, the City's general fund balance is expected to increase modestly by the close of 2007. As for the City's business-type activities, we expect the 2007 results to improve the financial position in a modest amount.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Hopewell Finance Office, 300 N Main Street, Hopewell, VA 23860.

## ***BASIC FINANCIAL STATEMENTS***

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**City of Hopewell, Virginia**  
**Statement of Net Assets**  
**June 30, 2006**

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 31,406,055	\$ 18,747,880	\$ 50,153,935	\$ 4,513,294	\$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,156,475	-	3,156,475	-	-
Accounts receivable	848,238	913,509	1,761,747	104,352	-
Interest receivable	-	76,269	76,269	-	-
Due from other governmental units	927,873	-	927,873	1,261,002	430,468
Inventories	83,705	1,032,871	1,116,576	40,466	-
Prepaid expenses	258,669	74,165	332,834	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents (in custody of others)	10,220,684	395,641	10,616,325	-	-
Capital assets (net of accumulated depreciation):					
Land	2,562,752	313,946	2,876,698	398,728	-
Buildings and system	20,423,022	1,855,610	22,278,632	13,513,089	-
Machinery and equipment	1,970,311	12,564,977	14,535,288	1,240,953	-
Sewer main improvements	-	2,074,516	2,074,516	-	-
Construction in progress	6,451,989	45,616	6,497,605	-	-
Total assets	<u>\$ 78,309,773</u>	<u>\$ 38,095,000</u>	<u>\$ 116,404,773</u>	<u>\$ 21,071,884</u>	<u>\$ 430,468</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,171,895	550,160	\$ 2,722,055	\$ 150,287	292,045
Accrued liabilities	583,012	1,167,012	1,750,024	3,557,464	2,049
Retainage payable	220,950	-	220,950	-	-
Accrued interest payable	810,279	-	810,279	-	-
Due to other governmental units	-	-	-	-	134,085
Deferred revenue	-	163,647	163,647	-	-
Long-term liabilities:					
Due within one year	2,772,044	692,255	3,464,299	199,916	-
Due in more than one year	44,872,540	12,291,031	57,163,571	430,420	-
Total liabilities	<u>\$ 51,430,720</u>	<u>\$ 14,864,105</u>	<u>\$ 66,294,825</u>	<u>\$ 4,338,087</u>	<u>\$ 428,179</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ (5,034,392)	\$ 4,169,665	\$ (864,727)	\$ 15,152,770	\$ -
Restricted for:					
Encumbrances	5,541,765	-	5,541,765	144,801	-
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care:					
Expendable	1,081,465	-	1,081,465	-	-
Unrestricted (deficit)	25,290,215	18,665,589	43,955,804	1,436,226	2,289
Total net assets	<u>\$ 26,879,053</u>	<u>\$ 23,230,895</u>	<u>\$ 50,109,948</u>	<u>\$ 16,733,797</u>	<u>\$ 2,289</u>

The notes to the financial statements are an integral part of this statement.



**City of Hopewell, Virginia**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	School Board	Comprehensive Services Act Board
					Governmental Activities	Business-type Activities				
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 2,912,135	\$ -	\$ 252,442	\$ -	\$ (2,659,693)	\$ -	\$ (2,659,693)	\$ -	\$ -	\$ -
Judicial administration	1,677,436	99,974	669,813	-	(907,649)	-	(907,649)	-	-	-
Public safety	11,047,707	439,608	1,900,676	-	(8,707,423)	-	(8,707,423)	-	-	-
Public works	2,887,052	-	2,753,630	-	(133,422)	-	(133,422)	-	-	-
Health and welfare	5,264,756	-	3,487,046	-	(1,777,710)	-	(1,777,710)	-	-	-
Education	11,543,304	-	279,389	-	(11,263,915)	-	(11,263,915)	-	-	-
Parks, recreation, and cultural	1,896,638	231,592	32,398	-	(1,632,648)	-	(1,632,648)	-	-	-
Community development	1,074,519	-	178,697	-	(895,822)	-	(895,822)	-	-	-
Interest on long-term debt	2,097,330	-	-	-	(2,097,330)	-	(2,097,330)	-	-	-
Total government activities	\$ 40,400,877	\$ 771,174	\$ 9,554,091	\$ -	\$ (30,075,612)	\$ -	\$ (30,075,612)	\$ -	\$ -	\$ -
<b>Business-type activities:</b>										
Public utilities	\$ 16,272,912	\$ 14,567,448	\$ 160,762	\$ -	\$ -	\$ (1,544,702)	\$ (1,544,702)	\$ -	\$ -	\$ -
Total business-type activities	16,272,912	14,567,448	160,762	-	-	(1,544,702)	(1,544,702)	-	-	-
Total primary government	\$ 56,673,789	\$ 15,338,622	\$ 9,714,853	\$ -	\$ (30,075,612)	\$ (1,544,702)	\$ (31,620,314)	\$ -	\$ -	\$ -
<b>COMPONENT UNITS:</b>										
School Board	\$ 38,121,457	\$ 865,544	\$ 27,185,231	\$ 161,042	\$ -	\$ -	\$ (9,909,640)	\$ -	\$ -	\$ (67,325)
Comprehensive Services Act Board	2,740,049	-	2,672,724	-	-	-	-	-	-	(67,325)
Total component units	\$ 40,861,506	\$ 865,544	\$ 29,857,955	\$ 161,042	\$ -	\$ -	\$ (9,909,640)	\$ -	\$ -	\$ (67,325)
General revenues:										
General property taxes					\$ 21,436,449	\$ -	\$ 21,436,449	\$ -	\$ -	\$ -
Local sales tax					1,890,963	-	1,890,963	-	-	-
Business license tax					1,541,460	-	1,541,460	-	-	-
Consumer's utility tax					1,141,121	-	1,141,121	-	-	-
Restaurant food taxes					1,154,388	-	1,154,388	-	-	-
Other local taxes					1,863,222	-	1,863,222	-	-	-
Unrestricted revenues from use of money and property					1,736,958	798,307	2,535,265	85,864	67,325	-
Miscellaneous					550,795	-	550,795	209,004	-	-
Grants and contributions not restricted to specific programs					1,777,831	-	1,777,831	-	-	-
Payment from the City of Hopewell					-	-	-	9,699,737	-	-
Total general revenues					\$ 33,093,187	\$ 798,307	\$ 33,891,494	\$ 9,994,605	\$ 67,325	\$ -
Change in net assets					\$ 3,017,575	\$ (746,395)	\$ 2,271,180	\$ 84,965	\$ -	\$ -
Net assets - beginning					23,861,478	23,977,290	47,838,768	16,648,832	2,289	2,289
Net assets - ending					\$ 26,879,053	\$ 23,230,895	\$ 50,109,948	\$ 16,733,797	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

## ***FUND FINANCIAL STATEMENTS***

**City of Hopewell, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2006**

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,424,688	\$ -	\$ 19,410,777	\$ 570,590	\$ 31,406,055
Cash in custody of others	-	-	10,220,684	-	10,220,684
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,156,475	-	-	-	3,156,475
Accounts receivable	636,644	4,452	206,166	976	848,238
Due from other funds	228,471	-	-	-	228,471
Due from other governmental units	609,734	267,793	-	50,346	927,873
Inventories	83,705	-	-	-	83,705
Prepaid items	258,419	-	-	250	258,669
Total assets	<u>\$ 16,398,136</u>	<u>\$ 272,245</u>	<u>\$ 29,837,627</u>	<u>\$ 622,162</u>	<u>\$ 47,130,170</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 742,319	\$ 4,623	\$ 1,355,755	\$ 69,198	\$ 2,171,895
Accrued liabilities	430,880	49,602	-	102,530	583,012
Retainage payable	-	-	220,950	-	220,950
Due to other funds	-	218,020	-	10,451	228,471
Deferred revenue	2,922,761	-	4,847	-	2,927,608
Total liabilities	<u>\$ 4,095,960</u>	<u>\$ 272,245</u>	<u>\$ 1,581,552</u>	<u>\$ 182,179</u>	<u>\$ 6,131,936</u>
Fund balances:					
Reserved for:					
Inventories	\$ 83,705	\$ -	\$ -	\$ -	\$ 83,705
Prepaid items	258,419	-	-	250	258,669
Encumbrances	321,688	-	15,405,872	34,889	15,762,449
Perpetual care	1,081,465	-	-	-	1,081,465
Unreserved:					
Designated:					
Bond coverage reserve	-	-	4,500,000	-	4,500,000
Tourism office	43,438	-	-	-	43,438
ACIS system	16,796	-	-	-	16,796
Self insurance	3,382,826	-	-	-	3,382,826
Youth Care Commission	144,946	-	-	-	144,946
Fire department equipment	364,497	-	-	-	364,497
Reported in:					
General fund	6,604,396	-	-	-	6,604,396
Special revenue funds	-	-	-	404,844	404,844
Capital projects funds	-	-	8,350,203	-	8,350,203
Total fund balances	<u>\$ 12,302,176</u>	<u>\$ -</u>	<u>\$ 28,256,075</u>	<u>\$ 439,983</u>	<u>\$ 40,998,234</u>
Total liabilities and fund balances	<u>\$ 16,398,136</u>	<u>\$ 272,245</u>	<u>\$ 29,837,627</u>	<u>\$ 622,162</u>	<u>\$ 47,130,170</u>

The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Assets**  
**June 30, 2006**

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Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 40,998,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,408,074
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,927,608
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds payable	(44,973,595)
Landfill closure liability	(1,689,555)
Accrued interest payable	(810,279)
Compensated absences	(981,434)
	<u>(48,454,863)</u>
Net assets of governmental activities	<u>\$ 26,879,053</u>

The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 22,011,460	\$ -	\$ -	\$ -	\$ 22,011,460
Other local taxes	5,966,731	-	1,624,423	-	7,591,154
Permits, privilege fees, and regulatory licenses	179,406	-	-	-	179,406
Fines and forfeitures	74,318	-	-	-	74,318
Revenue from the use of money and property	466,621	-	1,243,475	26,862	1,736,958
Charges for services	285,858	-	-	231,592	517,450
Miscellaneous	348,187	-	124,999	76,264	549,450
Recovered costs	996,392	-	-	-	996,392
Intergovernmental revenues:					
Local government	241,104	-	-	-	241,104
Commonwealth	7,241,452	1,069,522	-	6,568	8,317,542
Federal	275,520	2,318,859	-	178,897	2,773,276
Total revenues	<u>\$ 38,087,049</u>	<u>\$ 3,388,381</u>	<u>\$ 2,992,897</u>	<u>\$ 520,183</u>	<u>\$ 44,988,510</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 2,869,051	\$ -	\$ -	\$ -	\$ 2,869,051
Judicial administration	1,436,093	-	-	-	1,436,093
Public safety	10,594,210	-	-	-	10,594,210
Public works	3,731,905	-	-	4,712	3,736,617
Health and welfare	1,263,525	3,880,016	-	-	5,143,541
Education	8,286,305	-	1,422,512	-	9,708,817
Parks, recreation, and cultural	513,562	-	-	1,769,718	2,283,280
Community development	1,015,768	-	-	148,577	1,164,345
Nondepartmental	746,960	-	-	-	746,960
Capital projects	-	-	6,254,211	-	6,254,211
Debt service:					
Principal retirement	2,497,039	-	930,000	-	3,427,039
Interest and other fiscal charges	543,245	-	1,625,623	-	2,168,868
Total expenditures	<u>\$ 33,497,663</u>	<u>\$ 3,880,016</u>	<u>\$ 10,232,346</u>	<u>\$ 1,923,007</u>	<u>\$ 49,533,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,589,386</u>	<u>\$ (491,635)</u>	<u>\$ (7,239,449)</u>	<u>\$ (1,402,824)</u>	<u>\$ (4,544,522)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 434,619	\$ 492,126	\$ 2,273,817	\$ 1,194,301	\$ 4,394,863
Transfers out	(3,960,244)	-	(434,619)	-	(4,394,863)
Issuance of bonds	858,896	-	-	-	858,896
Total other financing sources (uses)	<u>\$ (2,666,729)</u>	<u>\$ 492,126</u>	<u>\$ 1,839,198</u>	<u>\$ 1,194,301</u>	<u>\$ 858,896</u>
Net change in fund balances	\$ 1,922,657	\$ 491	\$ (5,400,251)	\$ (208,523)	\$ (3,685,626)
Fund balances - beginning, as restated	10,379,519	(491)	33,656,326	648,506	44,683,860
Fund balances - ending	<u>\$ 12,302,176</u>	<u>\$ -</u>	<u>\$ 28,256,075</u>	<u>\$ 439,983</u>	<u>\$ 40,998,234</u>

The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Reconciliation of Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2006**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (3,685,626)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlay	6,675,849	
Depreciation expense	<u>(1,905,386)</u>	4,770,463

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(573,666)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of bonds	(858,896)	
Principal payments on debt	3,427,039	
Increase in landfill closure liability	<u>(46,019)</u>	2,522,124

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(15,720)
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Change in net assets of governmental activities	<u><u>\$ 3,017,575</u></u>
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The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2006**

<b>Business-Type Activities - Enterprise Funds</b>				
<b>Hopewell</b>				
<b>Regional Wastewater</b>				
<b>Treatment</b>	<b>Sewer</b>	<b>Solid</b>		
<b>Facilities</b>	<b>Service</b>	<b>Waste</b>		
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>		<b>Totals</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,968,708	\$ 12,838,958	\$ 1,940,214	\$ 18,747,880
Interest receivable	4,267	68,648	3,354	76,269
Accounts receivables, net of allowances for uncollectibles	156,316	589,881	167,312	913,509
Inventories	1,032,871	-	-	1,032,871
Prepaid expenses	-	74,165	-	74,165
Total current assets	\$ 5,162,162	\$ 13,571,652	\$ 2,110,880	20,844,694
Noncurrent assets:				
Restricted current assets:				
Cash and cash equivalents	\$ 395,641	\$ -	\$ -	395,641
Total restricted current assets	\$ 395,641	\$ -	\$ -	\$ 395,641
Capital assets:				
Utility plant in service	\$ 8,611,799	\$ 501,878	\$ -	\$ 9,113,677
Land	216,026	97,920	-	313,946
Machinery and equipment	52,726,959	694,330	-	53,421,289
Sewer main improvements	-	5,011,534	-	5,011,534
Construction in progress	45,616	-	-	45,616
Less accumulated depreciation	(47,191,101)	(3,860,296)	-	(51,051,397)
Total capital assets	\$ 14,409,299	\$ 2,445,366	\$ -	\$ 16,854,665
Total noncurrent assets	\$ 14,804,940	\$ 2,445,366	\$ -	\$ 17,250,306
Total assets	\$ 19,967,102	\$ 16,017,018	\$ 2,110,880	38,095,000
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 418,118	\$ 51,606	\$ 80,436	\$ 550,160
Accrued liabilities	1,154,920	9,521	2,571	1,167,012
Compensated absences	157,973	17,896	3,052	178,921
Deferred revenue	163,647	-	-	163,647
Bonds payable - current portion	485,000	-	-	485,000
Leases and other obligations - current portion	28,334	-	-	28,334
Total current liabilities	\$ 2,407,992	\$ 79,023	\$ 86,059	\$ 2,573,074
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 12,200,000	\$ -	\$ -	\$ 12,200,000
Compensated absences	81,463	8,759	809	91,031
Total noncurrent liabilities	\$ 12,281,463	\$ 8,759	\$ 809	\$ 12,291,031
Total liabilities	\$ 14,689,455	\$ 87,782	\$ 86,868	\$ 14,864,105
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 1,724,299	\$ 2,445,366	\$ -	\$ 4,169,665
Restricted for debt service and bond covenants	395,641	-	-	395,641
Unrestricted	3,157,707	13,483,870	2,024,012	18,665,589
Total net assets	\$ 5,277,647	\$ 15,929,236	\$ 2,024,012	\$ 23,230,895

The notes to the financial statements are an integral part of this statement.

City of Hopewell, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2006

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Hopewell Regional Wastewater Treatment Facilities Fund</b>	<b>Sewer Service Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services:				
Wastewater treatment revenues	\$ 9,073,394	\$ -	\$ -	\$ 9,073,394
Sewer revenues	-	4,037,556	-	4,037,556
Refuse collection	-	-	1,456,498	1,456,498
Total operating revenues	\$ 9,073,394	\$ 4,037,556	\$ 1,456,498	\$ 14,567,448
<b>OPERATING EXPENSES</b>				
Personal services	\$ 2,593,858	\$ 216,533	\$ 70,550	\$ 2,880,941
Fringe benefits	798,728	78,125	28,090	904,943
Contractual services	736,407	1,370,206	878,901	2,985,514
Administrative services	98,315	438,875	480,508	1,017,698
Materials and supplies	246,982	41,539	1,412	289,933
Repairs and maintenance	892,658	353,711	17,310	1,263,679
Utilities	95,940	65,485	9,454	170,879
Fuel	1,935,539	11,438	3,193	1,950,170
Insurance	49,494	7,897	2,334	59,725
Chemicals	775,063	900	-	775,963
Miscellaneous	(445,634)	-	57,894	(387,740)
Depreciation	2,846,041	157,491	-	3,003,532
Total operating expenses	\$ 10,623,391	\$ 2,742,200	\$ 1,549,646	\$ 14,915,237
Operating income (loss)	\$ (1,549,997)	\$ 1,295,356	\$ (93,148)	\$ (347,789)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	\$ 160,762	\$ -	\$ -	\$ 160,762
Investment earnings	291,661	418,333	88,313	798,307
Interest expense	(1,357,675)	-	-	(1,357,675)
Total nonoperating revenues (expenses)	\$ (905,252)	\$ 418,333	\$ 88,313	\$ (398,606)
Income before contributions and transfers	\$ (2,455,249)	\$ 1,713,689	\$ (4,835)	\$ (746,395)
Total net assets - beginning	7,732,896	14,215,547	2,028,847	23,977,290
Total net assets - ending	\$ 5,277,647	\$ 15,929,236	\$ 2,024,012	\$ 23,230,895

The notes to the financial statements are an integral part of this statement.



**City of Hopewell, Virginia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2006**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Hopewell</b>			
	<b>Regional Wastewater</b>			
	<b>Treatment</b>			
	<b>Facilities</b>			
	<b>Fund</b>	<b>Sewer</b>	<b>Solid</b>	<b>Total</b>
		<b>Service</b>	<b>Waste</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 8,614,183	\$ 4,075,907	\$ 1,457,052	\$ 14,147,142
Payments to suppliers	(5,478,859)	(2,482,088)	(1,611,845)	(9,572,792)
Payments to employees	(2,618,955)	(215,237)	(70,717)	(2,904,909)
Net cash provided (used by) operating activities	\$ 516,369	\$ 1,378,582	\$ (225,510)	\$ 1,669,441
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental revenue	\$ 160,762	\$ -	\$ -	\$ 160,762
Net cash provided (used) by noncapital financing activities	\$ 160,762	\$ -	\$ -	\$ 160,762
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Additions to utility plant	\$ (895,325)	\$ (76,940)	\$ -	\$ (972,265)
Principal payments on bonds	(9,260,000)	-	-	(9,260,000)
Principal payments on lease obligations	(28,333)	-	-	(28,333)
Proceeds from indebtedness	8,640,000	-	-	8,640,000
Interest payments	(1,357,675)	-	-	(1,357,675)
Net cash provided (used) by capital and related financing activities	\$ (2,901,333)	\$ (76,940)	\$ -	\$ (2,978,273)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	\$ 289,540	\$ 388,563	\$ 86,528	\$ 764,631
Net cash provided (used) by investing activities	\$ 289,540	\$ 388,563	\$ 86,528	\$ 764,631
Net increase (decrease) in cash and cash equivalents	\$ (1,934,662)	\$ 1,690,205	\$ (138,982)	\$ (383,439)
Cash and cash equivalents - beginning - including restricted	\$ 6,299,011	\$ 11,148,753	\$ 2,079,196	\$ 19,526,960
Cash and cash equivalents - ending - including restricted	\$ 4,364,349	\$ 12,838,958	\$ 1,940,214	\$ 19,143,521
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (1,549,997)	\$ 1,295,356	\$ (93,148)	\$ (347,789)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	\$ 2,846,041	\$ 157,491	\$ -	\$ 3,003,532
(Increase) decrease in accounts receivable	253,778	38,351	554	292,683
(Increase) decrease in inventories	13,374	-	-	13,374
(Increase) decrease in prepaid expenses	4,340	(74,165)	-	(69,825)
Increase (decrease) in accounts payable and accrued liabilities	(338,178)	(38,451)	(132,916)	(509,545)
Increase (decrease) in deferred revenue	(712,989)	-	-	(712,989)
Total adjustments	\$ 2,066,366	\$ 83,226	\$ (132,362)	\$ 2,017,230
Net cash provided (used) by operating activities	\$ 516,369	\$ 1,378,582	\$ (225,510)	\$ 1,669,441

The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 45,007
Receivables:	
Other receivables	-
Total assets	<u>\$ 45,007</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	<u>\$ 45,007</u>
Total liabilities	<u>\$ 45,007</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF HOPEWELL, VIRGINIA

### Notes to Financial Statements As of June 30, 2006

#### ***Note 1—Summary of Significant Accounting Policies:***

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The City of Hopewell, Virginia (the "City") was incorporated in 1916 and its current charter was granted in 1950. The City operates under a Council/Manager form of government and provides a full range of services to its citizens. These services include public safety (police and fire), public works, health and welfare services, parks, recreation, and cultural, education, community and economic development and judicial and general administrative services. The City owns and operates sewer, wastewater and solid waste treatment systems.

The financial statements of the City of Hopewell, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below. Unless otherwise stated, the accounting policies of the Component Unit School Board and Component Unit Comprehensive Services Act Board are similar to those of the City.

#### **Financial Statement Presentation**

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

#### **Government-wide and Fund Financial Statements**

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

***Note 1—Summary of Significant Accounting Policies: (Continued)***

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Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

**A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Hopewell (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **Note 1—Summary of Significant Accounting Policies: (Continued)**

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#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The City has no blended component units to be included for the fiscal year ended June 30, 2006.

*Discretely Presented Component Units.* The School Board members are appointed by the members of the City Council. The School Board is responsible for the operations of the City's School System within the City boundaries. The School Board is fiscally dependent on the City. The City has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the City. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the City financial statements for the fiscal year ended June 30, 2006.

The Comprehensive Services Act Board is responsible for providing family and youth services to the citizens of the City in accordance with the State Comprehensive Services Act. The Board consists of members appointed by the City Council. The Board is fiscally dependent on the City, and therefore, it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2006. The Comprehensive Services Act Board does not issue a separate financial report.

#### **C. Other Related Organizations**

##### **Included in the City's Financial Report**

None

Joint Ventures - The City is a participant with six other localities in a joint venture to operate the Riverside Regional Jail Authority (the Authority). The Authority is governed by a seven-member board composed of one appointee from each locality. Each locality is obligated by contract to house its inmate population with the Authority up to its authorized slots. The City does not retain a financial interest in the Authority. Financial statements of the Authority can be obtained at its administrative offices at Superintendent, Riverside Regional Jail Authority, P.O. Box 1041, Hopewell, Virginia 23860.

The City is a participant with the County of Dinwiddie and County of Prince George in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by an 11-member board composed of five appointees from Hopewell and three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the City remitted \$490,562 to the Library for fiscal 2006. The City has an ongoing financial responsibility to fund the Library, but does not retain a financial interest in the Library. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860.

Jointly Governed Organizations - The City participates with the eight other localities in the District 19 Community Services Board. The City also participates with five other localities in Virginia's Gateway Regional, a regional economic development organization. The City provided funding of \$91,865 and \$29,620, respectively, during fiscal 2006 to these entities. The City also participates with six other localities in the Crater Youth Care Commission.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### ***Note 1—Summary of Significant Accounting Policies: (Continued)***

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#### **C. Other Related Organizations (continued)**

Related Organizations - The City is also responsible for appointing members of the boards of two organizations, but the City's accountability for these organizations do not extend beyond making these appointments. Related organizations during the year ended June 30, 2006 are as follows: Hopewell Industrial Development Authority and Hopewell Redevelopment and Housing Authority.

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met. Fiduciary funds financial statements are reported on the accrual basis of accounting to recognize receivables and payables, but do not have a measurement focus.

The government-wide statement of activities reflect both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting of primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The City reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **Note 1—Summary of Significant Accounting Policies: (Continued)**

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#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds.

Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's Major Enterprise Funds consist of the following: Hopewell Regional Wastewater Treatment Facility, Sewer Service, and Solid Waste.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following major funds: Virginia Public Assistance and the following non-major funds: Recreation, Community Development Block Grant, and Anti-Litter. The Virginia Public Assistance Fund accounts for the Social Services programs of the City and is funded primarily through intergovernmental revenues.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the City unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust Funds utilize the accrual basis of accounting as described in the Proprietary Funds Presentation. Agency funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Agency funds include the Special Welfare Fund only. Fiduciary funds are not included in the government-wide financial statements.

#### **E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments for the government, as well as for its component units are reported at fair value.



## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **Note 1—Summary of Significant Accounting Policies: (Continued)**

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#### **F. Investments**

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

#### **G. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,023,097 at June 30, 2006 is composed solely of property taxes.

#### **Real and Personal Property Tax Data:**

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 15/December 5 (50% each date)	December 5
Lien Date	January 1	January 1

The City bills and collects its own property taxes. The City follows the practice of reassessing real estate biennially and personal property annually.

#### **H. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as land, buildings, and equipment with an initial individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. The City does not have any infrastructure in its capital assets at June 30, 2006. The City of Hopewell is required to retroactively record infrastructure by fiscal year 2007. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 1—Summary of Significant Accounting Policies: (Continued)**

**H. Capital Assets (continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2006 was immaterial.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	20-30
Motor vehicles	5
Equipment	3-10

**I. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The City's policy is to fund pension cost as it accrues.

**K. Use of Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**M. Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

**N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligation are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**O. Prepaid Items**

Prepaid expenditures in governmental funds are offset by reservation of fund balance.

**P. Inventory**

Inventory is valued at cost using the weighted average method. Inventory consists of expendable supplies help for consumption and is recorded as expenditures when used (consumption method). In the Governmental Funds, inventory is equally offset by a fund balance reserve which indicates that it does not constitute “currently expendable financial resources”.

**Note 2—Stewardship, Compliance, and Accounting:**

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The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.
3. The City utilizes the budget resolution of budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a functional basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **Note 2—Stewardship, Compliance, and Accounting (Continued):**

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4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. City Council must approve any budget revisions at the department level once the budget resolution has been adopted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2006.
6. Appropriation control is maintained at the function level within individual funds. Appropriations lapse at year end. Encumbrances and reserved fund balances outstanding at year end are re-appropriated in the succeeding year. Several supplemental appropriations were necessary during the fiscal year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### **Expenditures and Appropriations**

Expenditures did not exceed appropriations in any fund at June 30, 2006, except as follows:  
Anti-Litter Fund

### **Note 3—Deposits and Investments:**

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#### **Deposits**

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

#### **Investments**

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

# CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

## Note 3—Deposits and Investments: (Continued)

### Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2006 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale. The City's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings						
	AAA	AAAm	AA	AA-	AA+	A-1+	Unrated
Local Government Investment Pool	\$ -	\$ 18,864,390	\$ -	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	7,717,414	-	-	-	-	-
Municipal/Public Bonds	9,963,273	-	-	-	99,574	-	10,044,177
Corporate Debt	491,751	-	397,630	1,086,508	100,751	-	-
Money Market Mutual Fund	-	11,543,558	-	-	-	-	-
Commercial Paper	-	-	-	-	-	3,110,518	-
Repurchase Agreements - Underlying: U.S. Agency Securities	-	-	-	-	-	-	34,884
Total	\$ 10,455,024	\$ 38,125,362	\$ 397,630	\$ 1,086,508	\$ 200,325	\$ 3,110,518	\$ 10,079,061

### Interest Rate Risk

According to the City's investment policy, at no time shall securities with maturity dates in excess of six months exceed ten percent of the total budget of the City for the current fiscal year.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than			Greater Than	
		1 Year	1-5 Years	6-10 Years	10 Years	
Municipal/Public Bonds	\$ 20,107,024	\$ 19,127,647	\$ 979,375	\$ -	\$ -	2
Corporate Debt	2,076,640	1,538,327	538,313	-	-	-
Commercial Paper	3,110,518	3,110,518	-	-	-	-
Repurchase Agreements - Underlying: U.S. Agency Securities	34,884	34,884	-	-	-	-
Total	\$ 25,329,066	\$ 23,811,376	\$ 1,517,688	\$ -	\$ -	2

### External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

***Note 4—Due from Other Governments:***

At June 30, 2006, the City has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Component Unit Comprehensive Services Act Board</u>
Other Local Governments:			
City of Hopewell Comprehensive Services Act Board	\$ 134,085	\$ -	\$ -
Commonwealth of Virginia:			
Local sales tax	346,570	-	-
VPA funds	85,669	-	-
State Sales Tax	-	563,147	-
Constitutional officer reimbursements	91,235	-	-
Miscellaneous grants	35,233	-	-
Comprehensive service	-	-	430,468
Federal Government:			
School fund grants	-	697,855	-
Community Development Block Grant	50,346	-	-
VPA funds	182,124	-	-
Other federal grants	<u>2,611</u>	<u>-</u>	<u>-</u>
Total due from other governments	\$ <u>927,873</u>	\$ <u>1,261,002</u>	\$ <u>430,468</u>

Amounts due to other governments are as follows:

Other Local Governments:			
City of Hopewell	\$ <u>-</u>	\$ <u>-</u>	\$ <u>134,085</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 5—Interfund Obligations:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2006 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 228,471	\$ -
Community Development Block Grant	-	10,451
Virginia Public Assistance	-	218,020
	<u>\$ 228,471</u>	<u>\$ 228,471</u>

Details of the Component Unit School Board's interfund receivables and payables as of June 30, 2006 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Building and Bus Replacement	\$ 257,044	\$ -
School Operating	-	257,044
	<u>\$ 257,044</u>	<u>\$ 257,044</u>

The purpose of the Interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 6—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2006:

**Primary Government:**

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 2,562,752	\$ -	\$ -	\$ 2,562,752
Construction in progress	659,442	5,792,547	-	6,451,989
Total capital assets not subject to depreciation	\$ 3,222,194	\$ 5,792,547	\$ -	\$ 9,014,741
Capital assets subject to depreciation:				
Buildings	14,748,138	764,758	-	15,512,896
Equipment	5,648,436	597,816	-	6,246,252
Jointly owned assets	20,061,496	-	479,272	19,582,224
Total capital assets being depreciated	\$ 40,458,070	\$ 1,362,574	\$ 479,272	\$ 41,341,372
Less accumulated depreciation for:				
Buildings	\$ (9,698,238)	\$ (434,003)	\$ -	\$ (10,132,241)
Equipment	(3,963,430)	(312,511)	-	(4,275,941)
Jointly owned assets	(3,380,985)	(1,158,872)	-	(4,539,857)
Total accumulated depreciation	\$ (17,042,653)	\$ (1,905,386)	\$ -	\$ (18,948,039)
Total capital assets being depreciated, net	\$ 23,415,417	\$ (542,812)	\$ 479,272	\$ 22,393,333
Governmental capital assets , net	\$ 26,637,611	\$ 5,249,735	\$ 479,272	\$ 31,408,074

**Component Unit - School Board:**

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 398,728	\$ -	\$ -	\$ 398,728
Capital assets subject to depreciation:				
Buildings	-	-	-	-
Equipment	\$ 2,551,433	\$ 299,714	\$ 109,350	\$ 2,741,797
Jointly owned assets	15,836,948	1,754,452	-	17,591,400
Total capital assets being depreciated	\$ 18,388,381	\$ 2,054,166	\$ 109,350	\$ 20,333,197
Less accumulated depreciation for:				
Buildings	\$ -	\$ -	\$ -	\$ -
Equipment	\$ (1,361,922)	\$ (242,272)	\$ (103,350)	\$ (1,500,844)
Jointly owned assets	(2,669,017)	(1,409,294)	-	(4,078,311)
Total accumulated depreciation	\$ (4,030,939)	\$ (1,651,566)	\$ (103,350)	\$ (5,579,155)
Total capital assets being depreciated, net	\$ 14,357,442	\$ 402,600	\$ 6,000	\$ 14,754,042
Governmental capital assets , net	\$ 14,756,170	\$ 402,600	\$ 6,000	\$ 15,152,770



CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**Note 6—Capital Assets: (Continued)**

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Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	75,647
Judicial administration		212,301
Public safety		324,894
Public works		86,985
Health and welfare		17,018
Education		1,158,872
Parks, recreation and cultural		<u>29,669</u>
Total Governmental activities	\$	<u><u>1,905,386</u></u>

Enterprise activities:

Hopewell Regional Wastewater Treatment Facilities	\$	2,846,041
Sewer		<u>157,491</u>
Total Enterprise activities	\$	<u><u>3,003,532</u></u>
Component Unit School Board	\$	<u><u>1,651,566</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Hopewell, Virginia for the year ended June 30, 2006, is that school financed assets in the amount of \$15,042,367 are reported in the Primary Government for financial reporting purposes

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 6—Capital Assets: (Continued)**

A summary of proprietary fund property, plant, and equipment at June 30, 2006 follows:

**Primary Government:**

Hopewell Regional Wastewater Treatment Facilities Fund:

**Primary Government:**

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
<b>Enterprise activities:</b>				
<b>Sewer Service Fund:</b>				
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Capital assets subject to depreciation:				
Plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and equipment	617,390	76,940	-	694,330
Sewer main improvements	5,011,534	-	-	5,011,534
Total capital assets being depreciated	\$ 6,130,802	\$ 76,940	\$ -	\$ 6,207,742
Less accumulated depreciation for:				
Plant in service	\$ (437,115)	\$ (8,067)	\$ -	\$ (445,182)
Machinery and equipment	(453,155)	(24,941)	-	(478,096)
Sewer main improvements	(2,812,535)	(124,483)	-	(2,937,018)
Total accumulated depreciation	\$ (3,702,805)	\$ (157,491)	\$ -	\$ (3,860,296)
Total capital assets being depreciated, net	\$ 2,427,997	\$ (80,551)	\$ -	\$ 2,347,446
Enterprise capital assets , net	\$ 2,525,917	\$ (80,551)	\$ -	\$ 2,445,366
<b>Hopewell Regional Wastewater Treatment Facilities Fund:</b>				
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Construction in progress	-	45,616	-	45,616
Total capital assets not subject to depreciation	\$ 216,026	\$ 45,616	\$ -	\$ 261,642
Capital assets subject to depreciation:				
Plant in service	\$ 8,611,799	\$ -	\$ -	\$ 8,611,799
Machinery and equipment	51,877,250	849,709	-	52,726,959
Total capital assets being depreciated	\$ 60,489,049	\$ 849,709	\$ -	\$ 61,338,758
Less accumulated depreciation for:				
Plant in service	\$ (6,491,925)	\$ (320,960)	\$ -	\$ (6,812,885)
Machinery and equipment	(37,853,135)	(2,525,081)	-	(40,378,216)
Total accumulated depreciation	\$ (44,345,060)	\$ (2,846,041)	\$ -	\$ (47,191,101)
Total capital assets being depreciated, net	\$ 16,143,989	\$ (1,996,332)	\$ -	\$ 14,147,657
Enterprise capital assets , net	\$ 16,360,015	\$ (1,950,716)	\$ -	\$ 14,409,299

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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***Note 7— Interfund Transfers:***

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Interfund transfers for the year ended June 30, 2006, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 434,619	\$ 3,960,244
Capital Projects	2,273,817	434,619
Virginia Public Assistance	492,126	-
Recreation	<u>1,194,301</u>	<u>-</u>
Total	\$ <u>4,394,863</u>	\$ <u>4,394,863</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 8—Long-Term Obligations:**

Annual requirements to amortize long-term obligations and related interest are as follows:

	Amounts Payable at July 1, 2005	Increases	Decreases	Amounts Payable at June 30, 2006	Amounts Due Within One Year
<b>Governmental Obligations:</b>					
Incurred by City					
Claims, judgments and compensated absences payable	\$ 896,421	\$ 636,839	\$ 551,826	\$ 981,434	\$ 327,145
General obligation bonds	30,472,000	-	930,000	29,542,000	938,000
Add deferred amounts:					
For issuance premium	518,969	-	129,742	389,227	-
Landfill closure liability	1,643,536	46,019	-	1,689,555	64,983
Total incurred by City	\$ 33,530,926	\$ 682,858	\$ 1,611,568	\$ 32,602,216	\$ 1,330,128
Incurred by School Board:					
State Literary Fund Loans payable	\$ 9,052,000	\$ -	\$ 831,000	\$ 8,221,000	\$ 831,000
General obligation bonds payable	6,528,511	858,896	566,039	6,821,368	610,916
Notes payable obligation	1,100,000	-	1,100,000	-	-
Total incurred by School Board	\$ 16,680,511	\$ 858,896	\$ 2,497,039	\$ 15,042,368	\$ 1,441,916
Total Governmental Obligations	\$ 50,211,437	\$ 1,541,754	\$ 4,108,607	\$ 47,644,584	\$ 2,772,044
<b>Enterprise Obligations:</b>					
Claims, judgments and compensated absences payable	\$ 293,920	\$ -	\$ 23,968	\$ 269,952	\$ 178,921
Capital lease payable	56,667	-	28,333	28,334	28,334
Revenue bonds payable	13,305,000	8,640,000	9,260,000	12,685,000	485,000
Total Enterprise Obligations	\$ 13,655,587	\$ 8,640,000	\$ 9,312,301	\$ 12,983,286	\$ 692,255

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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***Note 8—Long-Term Obligations: (Continued)***

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**Primary Government: (continued)**

Annual requirement to amortize long-term debt and related interest are as follows:

Year Ending June 30	City Obligations	
	General Obligation Bonds Payable	
	Principal	Interest
2007	\$ 938,000	\$ 1,443,264
2008	2,270,000	1,353,837
2009	1,065,000	1,294,896
2010	21,079,000	740,121
2011	693,000	192,217
2012	713,000	159,196
2013	584,000	115,163
2014	610,000	99,006
2015	641,000	68,432
2016	673,000	36,315
2017	276,000	13,363
Total	\$ <u>29,542,000</u>	\$ <u>5,515,810</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (continued)**

Year Ending June 30	School Obligations			
	State Literary Fund Loans		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2007	\$ 831,000	\$ 178,476	\$ 610,916	\$ 354,001
2008	831,000	158,288	626,341	311,787
2009	737,700	138,100	631,895	274,693
2010	727,700	120,711	463,472	239,956
2011	649,200	103,622	470,575	214,480
2012	474,200	88,888	488,407	188,276
2013	474,200	79,404	461,906	162,517
2014	474,200	69,920	284,890	142,519
2015	474,200	60,436	292,278	127,902
2016	474,200	50,952	300,155	112,794
2017	474,200	41,468	308,443	97,276
2018	474,200	31,984	317,165	81,323
2019	375,000	22,500	326,344	64,914
2020	375,000	15,000	336,002	48,023
2021	375,000	7,500	343,131	33,662
2022	-	-	350,634	18,927
2023	-	-	50,140	8,710
2024	-	-	51,503	6,247
2025	-	-	52,870	3,780
2026	-	-	54,301	1,249
Total	\$ 8,221,000	\$ 1,167,249	\$ 6,821,368	\$ 2,493,036

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

Enterprise Obligations					
Year Ending June 30					
	Revenue Bonds Payable		Capital Lease Payable		
	Principal	Interest	Principal	Interest	
2007	\$ 485,000	\$ 603,597	\$ 28,334	\$ 822	
2008	465,000	583,885	-	-	
2009	490,000	563,500	-	-	
2010	510,000	541,903	-	-	
2011	535,000	519,188	-	-	
2012	550,000	494,676	-	-	
2013	575,000	468,098	-	-	
2014	610,000	439,654	-	-	
2015	635,000	409,570	-	-	
2016	670,000	377,772	-	-	
2017	700,000	343,713	-	-	
2018	735,000	307,466	-	-	
2019	770,000	269,034	-	-	
2020	810,000	228,329	-	-	
2021	855,000	185,404	-	-	
2022	900,000	139,636	-	-	
2023	555,000	102,457	-	-	
2024	580,000	74,932	-	-	
2025	610,000	46,075	-	-	
2026	645,000	15,641	-	-	
Total	\$ <u>12,685,000</u>	\$ <u>6,714,530</u>	\$ <u>28,334</u>	\$ <u>822</u>	

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (continued)**

Details of long-term indebtedness are as follows:

**General Obligations:**

**Incurred by City:**

**General Obligation Bonds:**

\$5,335,000 obligation payable in various annual installments through December 15, 2011, interest payable semi-annually at 3.20% - 3.90%	\$ 2,580,000
\$4,500,000 obligation payable in various annual installments through July 15, 2015, interest payable semi-annually at 4.05% - 5.10%	3,320,000
\$13,790,000 general obligation public improvement bonds series 2004A, interest payable semi-annually through July 15, 2009 at 5%, principal balloon payment due on July 15, 2009	13,790,000
\$6,210,000 general obligation public improvement bonds series 2004B, interest payable semi-annually through July 15, 2009 at 5.25%, principal balloon payment due on July 15, 2009	6,210,000
\$1,712,000 general obligation public improvement bond, series 2002A, payable in various annual installments through May 1, 2017, interest payable semi-annually at 4.16%	1,504,000
\$1,039,000 general obligation public improvement bond, series 2002B, payable in various annual installments through May 1, 2017, interest payable semi-annually at 5.87%	924,000
\$1,214,000 obligation payable, interest payable semi-annually through July 19, 2007 at 4.93%, principal balloon payment due on July 19, 2007	1,214,000
Total General Obligation Bonds	\$ 29,542,000
Landfill closure liability (Payable from the General Fund)	\$ 1,689,555
Compensated absences (Payable from the General Fund)	\$ 981,434
Total Incurred by City	\$ 32,212,989



CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**Note 8—Long-Term Obligations: (Continued)**

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**Primary Government: (continued)**

**Incurred by School Board:**

**State Literary Fund Loans:**

\$1,865,297 State Literary Fund loan issued September 10, 1987, due in annual principal installments of \$93,300 through 2007; interest payable annually at 3%	\$	186,600
\$3,500,000 State Literary Fund loan issued June 1, 1990 due in annual principal installments of \$175,000 through 2011; interest payable annually at 3%		875,000
\$1,760,000 State Literary Fund Loan issued February 13, 1990, due in annual principal installments of \$88,500 through 2010; interest payable annually at 3%		344,000
\$209,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$10,450 through 2017; interest payable at 2%		125,400
\$939,000 State Literary Fund Loan issued September 26, 1997, due in annual installments of \$46,950 through 2017; interest payable annually at 2%	\$	563,400
\$239,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$11,950 through 2017; interest payable annually at 2%		143,400
\$597,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$29,850 through 2017; interest payable annually at 2%		358,200
\$7,500,000 State Literary Fund Loan issued May 15, 2001, due in annual principal installments of \$375,000 through 2021; interest payable annually at 2%		<u>5,625,000</u>
Total State Literary Fund Loans	\$	<u>8,221,000</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**Note 8—Long-Term Obligations: (Continued)**

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**Primary Government: (continued)**

**Incurred by School Board:**

**Virginia Public Authority Subsidy and Other Bonds:**

\$2,727,630 Virginia Public Authority Subsidy Bonds issued in 1992, due in annual installments of varying amounts through 2012; interest payable annually at varying rates 4.90% - 6.30% \$ 1,143,504

\$2,285,000 Virginia Public Authority Subsidy Bonds issued in 1994, due in annual installments of varying amounts through 2011; interest payable annually at varying rates 6.35% - 7.90% 525,000

\$4,862,705 Virginia Public Authority Subsidy Bonds issued in 2001, due in annual installments of varying amounts through 2021; interest payable annually at varying rates 3.10% - 5.10% 4,038,968

\$858,896 Virginia Public Authority Subsidy Bonds issued in 2005, due in annual installments of varying amounts through 2026; interest payable annually at varying rates 4.60% - 5.10% 858,896

\$1,020,000 General Obligation Bonds issued in 1989, due in annual installments of varying amounts through 2009; interest payable annually at 6.40% 255,000

Total Virginia Public Authority and Other Bonds \$ 6,821,368

Total Incurred by School Board \$ 15,042,368

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 8—Long-Term Obligations: (Continued)**

**Primary Government: (continued)**

**Enterprise Obligations:**

**Revenue Bond Obligations:**

\$8,640,000 revenue bond issued December 1, 2005, payable in various annual installments through October 1, 2025 interest payable semi-annually at varying rates 3.6371% - 4.8500%	\$ 8,640,000
\$4,640,000 revenue bond issued October 1, 2000, payable in various annual installments through October 1, 2021 interest payable semi-annually at varying rates 4.70% - 5.10%	<u>4,045,000</u>
Total revenue bond obligations	<u>\$ 12,685,000</u>

**Capital Lease Obligation:**

\$85,000 capital lease obligation issued October 1, 2004, principal and interest payments due each June 30th through 2007, interest at 2.86%	\$ <u>28,334</u>
Compensated absences (Payable from the Enterprise Funds)	<u>\$ 269,952</u>
Total enterprise obligations	<u><u>\$ 12,983,286</u></u>

**Component Unit School Board:**

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2006:

	Amounts Payable at July 1, 2005	Increases	Decreases	Amounts Payable at June 30, 2006	Amounts Due Within one year
Compensated absences payable	\$ <u>624,896</u>	\$ <u>203,044</u>	\$ <u>198,191</u>	\$ <u>630,336</u>	\$ <u>199,916</u>

**Details of Long-Term Indebtedness:**

Compensated Absences (Payable from the School Fund)	\$ <u>630,336</u>
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## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### ***Note 9—Landfill Post closure Costs:***

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In October 1993, the City discontinued accepting solid waste at its landfill. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. During fiscal year 2002, the City received a closing permit and is now responsible for maintaining the site for the next seven years. Total estimated costs of maintaining the site for this period is \$1,689,555. The total current cost of landfill closure and post closure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

### ***Note 10—Deferred Revenue:***

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Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$2,927,608 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$2,920,277 at June 30, 2006.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2006, but paid in advance by the tax payers totaled \$7,331 at June 30, 2006.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$4,847 at June 30, 2006.

### ***Note 11—Commitments and Contingencies:***

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Federal programs in which the City and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

### ***Note 12—Litigation:***

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At June 30, 2006, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

### ***Note 13—Risk Management:***

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and School Board report all risk management activities in the General Fund and pay all claims for retained risks from General Fund resources. During the current year, the City purchased commercial insurance through the Virginia Municipal League for all insurable risks, including motor vehicles, for which the City was self-insured for in the fiscal year ended June 30, 2001. The City intends to fund claims, if any, when they arise from the self-insurance reserve in the General Fund.

The School Board maintains comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies, coverage for errors and omissions, worker's compensation, employer's liability, healthcare and certain other risks with commercial insurance companies. All premiums are budgeted for and paid with General Fund resources. All unemployment health care claims are paid through a third-party administrator through resources from the General Fund. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage during the year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2006, the City has designated fund balance of \$3,382,826 to pay future insurance claims, if any. Changes in the reported liability since July 1, 2000 resulted from the following:

	<b>Beginning of fiscal year liability</b>	<b>Current year claims and changes in estimates</b>	<b>Claim payments</b>	<b>Balance at fiscal year-end</b>
2000 - 2001	\$ -	\$ 83,023	\$ 3,023	\$ 80,000
2001 - 2002	80,000	-	80,000	-
2002 - 2003	-	-	-	-
2003 - 2004	-	-	-	-
2004 - 2005	-	-	-	-
2005 - 2006	-	-	-	-

## CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **Note 14—Defined Benefit Pension Plan:**

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#### **Primary Government:**

##### **A. Plan Description**

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

The City and School Board contribute to the VRS. School Board professional employees participate in a VRS Statewide teacher cost sharing pool, and the City employees and School Board nonprofessional employees participate as a separate group in the agent multiple-employer retirement system.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2005AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

##### **B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution has been assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City and School Board non-professional employees' contribution rates (including member contribution) for the fiscal year ended 2006 were 13.5% and 13.75% of annual covered payroll, respectively.

The School Board's professional employees contributed \$2,234,943, \$2,040,767, and \$1,548,818 to the teacher cost-sharing pool for the fiscal years ended June 30, 2006, 2005, and 2004 respectively and these contributions represented 11.62%, 11.03%, and 8.77% respectively, of current covered payroll.

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 14—Defined Benefit Pension Plan (Continued):**

**Primary Government: (continued)**

**C. Annual Pension Cost**

For fiscal 2006, the City's annual pension cost of \$1,142,443 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2006, the City School Board's annual pension cost for the Board's non-professional employees was \$134,144 which was equal to the Board's required and actual contributions. The required contributions were determined as a part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

This member contribution has been assumed by the employer.

	<u>City</u>	<u>Non-Professional School Board Employees</u>
Contribution rates:		
Employer	8.50%	8.75%
Plan Members	5%	5%
Annual pension cost	\$ 1,142,443	\$ 134,144
Contributions made	1,142,443	134,144
Valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	7 years	25 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>2</sup>	8.00%	8.00%
Projected salary increases: <sup>2</sup>		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

<sup>2</sup> Includes inflation at 3%

**CITY OF HOPEWELL, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**Note 14—Defined Benefit Pension Plan (Continued):**

**Primary Government: (continued)**

**C. Annual Pension Cost (continued)**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
City:			
June 30, 2006	\$ 1,142,443	100%	\$ -
June 30, 2005	1,104,024	100%	-
June 30, 2004	630,997	100%	-
School Board:			
Non-Professional:			
June 30, 2006	\$ 134,144	100%	\$ -
June 30, 2005	129,849	100%	-
June 30, 2004	93,121	100%	-

(1) Employer portion only

**Note 15—Surety Bonds:**

The following Surety bonds are maintained by the City:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Kay H. Rackley, Clerk of the Circuit Court	\$ 1,075,000
Teresa L. Batton, Treasurer and/or Elesteen Hager, Director of Finance	500,000
Debra A. Reason, Commissioner of the Revenue	3,000
Gregory L. Anderson, Sheriff	30,000
The above constitutional officers and subordinate employees - blanket bond	50,000
Utica Mutual Insurance Company - Surety	
Winston Ogden Odom, Superintendent of Schools	10,000
Samuel Ray Watson, Clerk of School Board	10,000
Melody F. Bage, Deputy Clerk of School Board	10,000

**Note 16—Other Post-Employment Benefits:**

Pursuant to City personnel policies, the City provides health insurance benefits for persons who retire from City employment and meet certain other criteria. In fiscal 2006, 102 persons were enrolled in the program and the cost to the City was \$441,139.



CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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***Note 17—Adjustment to Beginning Net Assets:***

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The following adjustment was made to beginning fund balance:

	Governmental Funds	
	General	Recreation
Fund balance as previously reported at June 30, 2005	\$ 9,876,959	594,982
Adjustment to restate beginning governmental fund balances to exclude the liability for compensated absences	502,560	47,015
Fund balance, as restated at July 1, 2005	<u>\$ 10,379,519</u>	<u>641,997</u>

## ***REQUIRED SUPPLEMENTARY INFORMATION***

### ***Note to Required Supplementary Information:***

***Presented budgets were prepared in accordance with  
accounting principles generally accepted in the  
United States of America***

***COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES***

**City of Hopewell, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
General property taxes	\$ 23,163,452	\$ 23,163,452	\$ 22,011,460	\$ (1,151,992)
Other local taxes	5,422,189	5,422,189	5,966,731	544,542
Permits, privilege fees, and regulatory licenses	130,000	160,000	179,406	19,406
Fines and forfeitures	90,000	72,000	74,318	2,318
Revenue from the use of money and property	282,060	282,060	466,621	184,561
Charges for services	297,670	303,766	285,858	(17,908)
Miscellaneous	172,332	172,333	348,187	175,854
Recovered costs	850,000	1,005,441	996,392	(9,049)
Intergovernmental revenues:				
Local government	-	-	241,104	241,104
Commonwealth	5,463,662	5,610,462	7,241,452	1,630,990
Federal	94,000	241,676	275,520	33,844
Total revenues	<u>\$ 35,965,365</u>	<u>\$ 36,433,379</u>	<u>\$ 38,087,049</u>	<u>\$ 1,653,670</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,004,744	\$ 3,155,630	\$ 2,869,051	\$ 286,579
Judicial administration	1,499,696	1,541,931	1,436,093	105,838
Public safety	10,974,837	11,782,942	10,594,210	1,188,732
Public works	3,811,299	4,060,254	3,731,905	328,349
Health and welfare	1,007,535	1,252,535	1,263,525	(10,990)
Education	8,195,716	8,195,716	8,286,305	(90,589)
Parks, recreation, and cultural	496,695	513,562	513,562	-
Community development	1,158,417	1,333,267	1,015,768	317,499
Nondepartmental	1,598,492	1,044,211	746,960	297,251
Debt service:				
Principal retirement	1,452,039	1,452,039	2,497,039	(1,045,000)
Interest and other fiscal charges	578,423	578,423	543,245	35,178
Total expenditures	<u>\$ 33,777,893</u>	<u>\$ 34,910,510</u>	<u>\$ 33,497,663</u>	<u>\$ 1,412,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,187,472</u>	<u>\$ 1,522,869</u>	<u>\$ 4,589,386</u>	<u>\$ 3,066,517</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 434,619	\$ 434,619	\$ 434,619	\$ -
Transfers out	(3,197,927)	(3,298,356)	(3,960,244)	(661,888)
Issuance of bonds	-	-	858,896	858,896
Total other financing sources and uses	<u>\$ (2,763,308)</u>	<u>\$ (2,863,737)</u>	<u>\$ (2,666,729)</u>	<u>\$ 197,008</u>
Net change in fund balances	\$ (575,836)	\$ (1,340,868)	\$ 1,922,657	\$ 3,263,525
Fund balances - beginning, as restated	575,836	1,340,868	10,379,519	9,038,651
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,302,176</u>	<u>\$ 12,302,176</u>

**City of Hopewell, Virginia**  
**Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth	\$ 1,254,988	\$ 1,184,971	\$ 1,069,522	\$ (115,449)
Federal	2,689,396	2,601,361	2,318,859	(282,502)
Total revenues	<u>\$ 3,944,384</u>	<u>\$ 3,786,332</u>	<u>\$ 3,388,381</u>	<u>\$ (397,951)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 4,424,193	\$ 4,366,570	\$ 3,880,016	\$ 486,554
Total expenditures	<u>\$ 4,424,193</u>	<u>\$ 4,366,570</u>	<u>\$ 3,880,016</u>	<u>\$ 486,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (479,809)</u>	<u>\$ (580,238)</u>	<u>\$ (491,635)</u>	<u>\$ 88,603</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 479,809	\$ 580,238	\$ 492,126	\$ (88,112)
Total other financing sources and uses	<u>\$ 479,809</u>	<u>\$ 580,238</u>	<u>\$ 492,126</u>	<u>\$ (88,112)</u>
Net change in fund balances	\$ -	\$ -	\$ 491	\$ 491
Fund balances - beginning	-	-	(491)	(491)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Hopewell, Virginia  
Schedule of Pension Funding Progress  
For the Year Ended June 30, 2006

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Primary Government:</b>						
City Retirement Plan:						
6/30/2005	\$ 56,480,077	\$ 64,889,807	\$ 8,409,730	87.0%	\$ 13,017,627	64.6%
6/30/2004	55,148,704	59,368,261	4,219,557	92.9%	12,385,659	34.1%
6/30/2003	54,702,642	55,989,663	1,287,021	97.7%	12,687,512	10.1%
6/30/2002	54,668,531	53,114,303	(1,554,228)	102.9%	12,792,556	-12.1%
6/30/2001	52,875,793	49,747,009	(3,128,784)	106.3%	12,251,270	-25.5%
6/30/2000	47,984,520	45,594,272	(2,390,248)	105.2%	11,526,891	-20.7%
6/30/1999	41,346,952	43,632,480	2,285,528	94.8%	11,192,061	20.4%
6/30/1998	35,673,580	38,372,259	2,698,679	93.0%	10,842,436	24.9%
<b>Discretely Presented Component Unit:</b>						
School Board Non-Professionals Retirement Plan:						
6/30/2005	\$ 4,661,894	\$ 6,286,427	\$ 1,624,533	74.2%	\$ 1,529,553	106.2%
6/30/2004	4,593,982	5,380,165	786,183	85.4%	1,456,175	54.0%
6/30/2003	4,593,503	5,210,111	616,608	88.2%	1,431,394	43.1%
6/30/2002	4,645,651	4,958,376	312,725	93.7%	1,424,368	22.0%
6/30/2001	4,555,060	4,633,682	78,622	98.3%	1,349,696	5.8%
6/30/2000	4,168,669	4,217,943	49,274	98.8%	1,202,495	4.1%
6/30/1999	3,650,932	4,294,395	643,463	85.0%	1,209,508	53.2%
6/30/1998	3,201,669	4,371,182	1,169,513	73.2%	1,198,958	97.5%

## ***OTHER SUPPLEMENTARY INFORMATION***

City of Hopewell, Virginia  
Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 1,435,000	\$ 1,435,000	\$ 1,624,423	\$ 189,423
Revenue from the use of money and property	286,000	286,000	1,243,475	957,475
Miscellaneous	125,000	125,000	124,999	(1)
Total revenues	<u>\$ 1,846,000</u>	<u>\$ 1,846,000</u>	<u>\$ 2,992,897</u>	<u>\$ 1,146,897</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,326,393	\$ 1,326,393	\$ 1,422,512	\$ (96,119)
Capital projects	600,000	16,089,263	6,254,211	9,835,052
Debt service:				
Principal retirement	1,109,666	1,109,666	930,000	179,666
Interest and other fiscal charges	1,791,334	1,766,470	1,625,623	140,847
Total expenditures	<u>\$ 4,827,393</u>	<u>\$ 20,291,792</u>	<u>\$ 10,232,346</u>	<u>\$ 10,059,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,981,393)</u>	<u>\$ (18,445,792)</u>	<u>\$ (7,239,449)</u>	<u>\$ 11,206,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,523,817	\$ 1,523,817	\$ 2,273,817	\$ 750,000
Transfers out	(434,619)	(434,619)	(434,619)	-
Total other financing sources and uses	<u>\$ 1,089,198</u>	<u>\$ 1,089,198</u>	<u>\$ 1,839,198</u>	<u>\$ 750,000</u>
Net change in fund balances	<u>\$ (1,892,195)</u>	<u>\$ (17,356,594)</u>	<u>\$ (5,400,251)</u>	<u>\$ 11,956,343</u>
Fund balances - beginning	1,892,195	17,356,594	33,656,326	16,299,732
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,256,075</u>	<u>\$ 28,256,075</u>



**City of Hopewell, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006**

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 561,157	\$ -	\$ 9,433	\$ 570,590
Receivables (net of allowance for uncollectibles):				
Accounts receivable	951	-	25	976
Due from other governmental units	-	50,346	-	50,346
Prepaid items	250	-	-	250
Total assets	<u>\$ 562,358</u>	<u>\$ 50,346</u>	<u>\$ 9,458</u>	<u>\$ 622,162</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 31,951	\$ 37,247	\$ -	\$ 69,198
Accrued liabilities	101,178	1,352	-	102,530
Due to other funds	-	10,451	-	10,451
Total liabilities	<u>\$ 133,129</u>	<u>\$ 49,050</u>	<u>\$ -</u>	<u>\$ 182,179</u>
Fund balances:				
Reserved for:				
Encumbrances	\$ 27,794	\$ 7,095	\$ -	\$ 34,889
Prepaid items	250	-	-	250
Unreserved:				
Designated for subsequent expenditure	35,000	-	-	35,000
Undesignated	366,185	(5,799)	9,458	369,844
Total fund balances	<u>\$ 429,229</u>	<u>\$ 1,296</u>	<u>\$ 9,458</u>	<u>\$ 439,983</u>
Total liabilities and fund balances	<u>\$ 562,358</u>	<u>\$ 50,346</u>	<u>\$ 9,458</u>	<u>\$ 622,162</u>

**City of Hopewell, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2006**

	<b>Recreation Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Anti-Litter Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 26,545	\$ 6	\$ 311	\$ 26,862
Charges for services	231,592	-	-	231,592
Miscellaneous	76,264	-	-	76,264
Intergovernmental revenues:				
Commonwealth	-	-	6,568	6,568
Federal	28,248	150,649	-	178,897
Total revenues	<u>\$ 362,649</u>	<u>\$ 150,655</u>	<u>\$ 6,879</u>	<u>\$ 520,183</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ -	\$ -	\$ 4,712	\$ 4,712
Parks, recreation, and cultural	1,769,718	-	-	1,769,718
Community development	-	148,577	-	148,577
Total expenditures	<u>\$ 1,769,718</u>	<u>\$ 148,577</u>	<u>\$ 4,712</u>	<u>\$ 1,923,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,407,069)</u>	<u>\$ 2,078</u>	<u>\$ 2,167</u>	<u>\$ (1,402,824)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,194,301	\$ -	\$ -	\$ 1,194,301
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 1,194,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,301</u>
Net change in fund balances	\$ (212,768)	\$ 2,078	\$ 2,167	\$ (208,523)
Fund balances - beginning, as restated	641,997	(782)	7,291	648,506
Fund balances - ending	<u>\$ 429,229</u>	<u>\$ 1,296</u>	<u>\$ 9,458</u>	<u>\$ 439,983</u>

City of Hopewell, Virginia  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2006

	Recreation Fund				Community Development Block Grant Fund				Anti-Litter Fund			
	Budgeted Amounts		Actual		Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Revenue from the use of money and property												
Charges for services												
Miscellaneous												
Intergovernmental revenues:												
Commonwealth												
Federal												
Total revenues												
<b>EXPENDITURES</b>												
Current:												
Public works												
Parks, recreation, and cultural												
Community development												
Total expenditures												
Excess (deficiency) of revenues over (under) expenditures												
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in												
Total other financing sources and uses												
Net change in fund balances												
Fund balances - beginning, as restated												
Fund balances - ending												

City of Hopewell, Virginia  
Fiduciary Funds  
Schedule of Changes in Fiduciary Net Assets  
For the year ended June 30, 2006

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 33,217	\$ 84,238	\$ 72,448	\$ 45,007
Accounts receivable	7	-	7	-
Total assets	<u>\$ 33,224</u>	<u>\$ 84,238</u>	<u>\$ 72,455</u>	<u>\$ 45,007</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 33,224</u>	<u>\$ 84,238</u>	<u>\$ 72,455</u>	<u>\$ 45,007</u>

***DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD***

**City of Hopewell, Virginia**  
**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2006**

	<b>School Operating Fund</b>	<b>Building and Bus Replacement Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,914,248	\$ 819,360	\$ 779,686	\$ 4,513,294
Receivables (net of allowance for uncollectibles):				
Accounts receivable	103,042	-	1,310	104,352
Due from other funds	-	257,044	-	257,044
Due from other governmental units	1,200,288	-	60,714	1,261,002
Inventories	-	-	40,466	40,466
Total assets	<u>\$ 4,217,578</u>	<u>\$ 1,076,404</u>	<u>\$ 882,176</u>	<u>\$ 6,176,158</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 149,587	\$ -	\$ 700	\$ 150,287
Accrued liabilities	3,675,364	-	82,016	3,757,380
Due to other funds	257,044	-	-	257,044
Deferred revenue	34,932	-	26,549	61,481
Total liabilities	<u>\$ 4,116,927</u>	<u>\$ -</u>	<u>\$ 109,265</u>	<u>\$ 4,226,192</u>
Fund balances:				
Reserved for:				
Inventories	\$ -	\$ -	\$ 40,466	\$ 40,466
Encumbrances	100,651	44,150	-	144,801
Unreserved:				
Undesignated	-	1,032,254	732,445	1,764,699
Total fund balances	<u>\$ 100,651</u>	<u>\$ 1,076,404</u>	<u>\$ 772,911</u>	<u>\$ 1,949,966</u>
Total liabilities and fund balances	<u>\$ 4,217,578</u>	<u>\$ 1,076,404</u>	<u>\$ 882,176</u>	<u>\$ 6,176,158</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	\$ 1,949,966
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,152,770
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	61,481
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(430,420)
Net assets of governmental activities	<u>\$ 16,733,797</u>

**City of Hopewell, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2006**

	<b>School Operating Fund</b>	<b>Building and Bus Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 10,208	\$ 62,251	\$ 13,405	\$ 85,864
Charges for services	241,091	-	624,453	865,544
Miscellaneous	87,201	121,546	257	209,004
Recovered costs	78,417	-	-	78,417
Intergovernmental revenues:				
Local government	9,699,737	-	-	9,699,737
Commonwealth	21,799,813	361,615	212,606	22,374,034
Federal	3,762,914	-	1,256,729	5,019,643
Total revenues	<u>\$ 35,679,381</u>	<u>\$ 545,412</u>	<u>\$ 2,107,450</u>	<u>\$ 38,332,243</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 35,360,915	\$ -	\$ 2,245,357	\$ 37,606,272
Capital projects	-	986,487	-	986,487
Total expenditures	<u>\$ 35,360,915</u>	<u>\$ 986,487</u>	<u>\$ 2,245,357</u>	<u>\$ 38,592,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 318,466</u>	<u>\$ (441,075)</u>	<u>\$ (137,907)</u>	<u>\$ (260,516)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 416,075	\$ 632,773	\$ 57,332	\$ 1,106,180
Transfers out	(690,105)	(416,075)	-	(1,106,180)
Total other financing sources and uses	<u>\$ (274,030)</u>	<u>\$ 216,698</u>	<u>\$ 57,332</u>	<u>\$ -</u>
Net change in fund balances	\$ 44,436	(224,377)	\$ (80,575)	\$ (260,516)
Fund balances - beginning	56,215	1,300,781	853,486	2,210,482
Fund balances - ending	<u>\$ 100,651</u>	<u>\$ 1,076,404</u>	<u>\$ 772,911</u>	<u>\$ 1,949,966</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (260,516)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlay	2,054,166	
Depreciation expense	(1,657,566)	396,600

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (47,404)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. (3,715)

Change in net assets of governmental activities \$ 84,965

City of Hopewell, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2006

	School Operating Fund				Building and Bus Replacement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ 15,000	\$ 7,000	\$ 10,208	\$ 3,208	\$ -	\$ -	\$ 62,251	\$ 62,251
Charges for services	283,730	213,316	241,091	27,775	-	-	-	-
Miscellaneous	78,050	112,898	87,201	(25,697)	-	70,000	121,546	51,546
Recovered costs	37,505	78,417	78,417	-	-	-	-	-
Intergovernmental revenues:								
Local government	9,609,568	9,609,568	9,699,737	90,169	-	-	-	-
Commonwealth	21,653,902	22,078,034	21,799,813	(278,221)	161,229	161,229	361,615	200,386
Federal	4,917,705	5,165,836	3,762,914	(1,402,922)	-	-	-	-
Total revenues	\$ 36,595,460	\$ 37,265,069	\$ 35,679,381	\$ (1,585,688)	\$ 161,229	\$ 231,229	\$ 545,412	\$ 314,183
<b>EXPENDITURES</b>								
Current:								
Education	\$ 36,669,638	\$ 37,394,476	\$ 35,360,915	\$ 2,033,561	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	860,000	930,000	986,487	(56,487)
Total expenditures	\$ 36,669,638	\$ 37,394,476	\$ 35,360,915	\$ 2,033,561	\$ 860,000	\$ 930,000	\$ 986,487	\$ (56,487)
Excess (deficiency) of revenues over (under) expenditures	\$ (74,178)	\$ (129,407)	\$ 318,466	\$ 447,873	\$ (698,771)	\$ (698,771)	\$ (441,075)	\$ 257,696
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ 506,253	\$ 506,253	\$ 416,075	\$ (90,178)	\$ 375,729	\$ 375,729	\$ 632,773	\$ 257,044
Transfers out	(432,075)	(433,061)	(690,105)	(257,044)	(506,253)	(506,253)	(416,075)	90,178
Total other financing sources and uses	\$ 74,178	\$ 73,192	\$ (274,030)	\$ (347,222)	\$ (130,524)	\$ (130,524)	\$ 216,698	\$ 347,222
Net change in fund balances	\$ -	\$ (56,215)	\$ 44,436	\$ 100,651	\$ (829,295)	\$ (829,295)	\$ (224,377)	\$ 604,918
Fund balances - beginning	-	56,215	56,215	-	866,000	866,000	1,300,781	434,781
Fund balances - ending	\$ -	\$ -	\$ 100,651	\$ 100,651	\$ 36,705	\$ 36,705	\$ 1,076,404	\$ 1,039,699



**City of Hopewell, Virginia**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board**  
**June 30, 2006**

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	<b>School Cafeteria Fund</b>	<b>Textbook Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 710,374	\$ 69,312	\$ 779,686
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,310	-	1,310
Due from other governmental units	60,714	-	60,714
Inventories	40,466	-	40,466
Total assets	<u>\$ 812,864</u>	<u>\$ 69,312</u>	<u>\$ 882,176</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 700	\$ -	\$ 700
Accrued liabilities	82,016	-	82,016
Deferred revenue	26,549	-	26,549
Total liabilities	<u>\$ 109,265</u>	<u>\$ -</u>	<u>\$ 109,265</u>
Fund balances:			
Reserved for:			
Inventories	\$ 40,466	\$ -	\$ 40,466
Unreserved:			
Undesignated	663,133	69,312	732,445
Total fund balances	<u>\$ 703,599</u>	<u>\$ 69,312</u>	<u>\$ 772,911</u>
Total liabilities and fund balances	<u>\$ 812,864</u>	<u>\$ 69,312</u>	<u>\$ 882,176</u>

**City of Hopewell, Virginia**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2006**

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	<b>School Cafeteria Fund</b>	<b>Textbook Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 12,485	\$ 920	\$ 13,405
Charges for services	624,453	-	624,453
Miscellaneous	-	257	257
Intergovernmental revenues:			
Commonwealth	25,463	187,143	212,606
Federal	1,256,729	-	1,256,729
Total revenues	<u>\$ 1,919,130</u>	<u>\$ 188,320</u>	<u>\$ 2,107,450</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 1,736,220	\$ 509,137	\$ 2,245,357
Total expenditures	<u>\$ 1,736,220</u>	<u>\$ 509,137</u>	<u>\$ 2,245,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 182,910</u>	<u>\$ (320,817)</u>	<u>\$ (137,907)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 57,332	\$ 57,332
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 57,332</u>	<u>\$ 57,332</u>
Net change in fund balances	\$ 182,910	\$ (263,485)	\$ (80,575)
Fund balances - beginning	520,689	332,797	853,486
Fund balances - ending	<u>\$ 703,599</u>	<u>\$ 69,312</u>	<u>\$ 772,911</u>

City of Hopewell, Virginia  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2006

	School Cafeteria Fund				Textbook Fund				Variance with
	Budgeted Amounts		Actual		Budgeted Amounts		Actual		Final Budget
	Original	Final			Original	Final			Positive
				(Negative)					(Negative)
<b>REVENUES</b>									
Revenue from the use of money and property	\$ 5,300	\$ 5,300	\$ 12,485	\$ 7,185	\$ 8,000	\$ 8,000	\$ 920	\$ (7,080)	
Charges for services	585,000	585,000	624,453	39,453	-	-	-	-	
Miscellaneous	-	-	-	-	-	-	257	257	
Intergovernmental revenues:									
Commonwealth	23,330	23,330	25,463	2,133	184,141	187,331	187,143	(188)	
Federal	873,000	873,000	1,256,729	383,729	-	-	-	-	
Total revenues	1,486,630	1,486,630	1,919,130	432,500	192,141	195,331	186,320	(7,011)	
<b>EXPENDITURES</b>									
Current:									
Education	\$ 1,665,505	\$ 1,665,505	\$ 1,736,220	\$ (70,715)	\$ 585,377	\$ 888,209	\$ 509,137	\$ 379,072	
Total expenditures	\$ 1,665,505	\$ 1,665,505	\$ 1,736,220	\$ (70,715)	\$ 585,377	\$ 888,209	\$ 509,137	\$ 379,072	
Excess (deficiency) of revenues over (under) expenditures	\$ (178,875)	\$ (178,875)	\$ 182,910	\$ 361,785	\$ (393,236)	\$ (692,878)	\$ (320,817)	\$ 372,061	
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 56,346	\$ 57,332	\$ 57,332	\$ -	
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -	\$ 56,346	\$ 57,332	\$ 57,332	\$ -	
Net change in fund balances	\$ (178,875)	\$ (178,875)	\$ 182,910	\$ 361,785	\$ (336,890)	\$ (635,546)	\$ (263,485)	\$ 372,061	
Fund balances - beginning	290,000	290,000	520,689	230,689	336,890	635,546	332,797	(302,749)	
Fund balances - ending	\$ 111,125	\$ 111,125	\$ 703,599	\$ 592,474	\$ -	\$ -	\$ 69,312	\$ 69,312	

***DISCRETELY PRESENTED COMPONENT UNIT  
COMPREHENSIVE SERVICES ACT BOARD***

**City of Hopewell, Virginia**  
**Balance Sheet**  
**Discretely Presented Component Unit - Comprehensive Services Act Board**  
**June 30, 2006**

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**ASSETS**

Due from other governmental units	\$ 430,468
Total assets	<u>\$ 430,468</u>

**LIABILITIES AND FUND BALANCES**

## Liabilities:

Accounts payable	\$ 292,045
Accrued liabilities	2,049
Due to other governmental units	<u>134,085</u>
Total liabilities	<u>\$ 428,179</u>

## Fund balances:

## Unreserved:

Undesignated	\$ 2,289
Total fund balances	<u>\$ 2,289</u>
Total liabilities and fund balances	<u>\$ 430,468</u>

The notes to the financial statements are an integral part of this statement.

**City of Hopewell, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Discretely Presented Component Unit - Comprehensive Services Act Board**  
**For the Year Ended June 30, 2006**

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**REVENUES**

Miscellaneous	\$ 67,325
Intergovernmental revenues:	
Local government	859,278
Commonwealth	1,813,446
Total revenues	<u>\$ 2,740,049</u>

**EXPENDITURES**

Current:	
Health and welfare	\$ 2,740,049
Total expenditures	<u>\$ 2,740,049</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
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Net change in fund balances	\$ -
Fund balances - beginning	<u>2,289</u>
Fund balances - ending	<u><u>\$ 2,289</u></u>

The notes to the financial statements are an integral part of this statement.

## ***SUPPORTING SCHEDULES***

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
**Page 1 of 7**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,119,119	\$ 11,119,119	\$ 10,919,107	\$ (200,012)
Real and personal public service corporation taxes	3,231,794	3,231,794	4,397,176	1,165,382
Personal property taxes	3,746,260	3,746,260	1,856,007	(1,890,253)
Machinery and tools taxes	4,816,279	4,816,279	3,998,144	(818,135)
Penalties	250,000	250,000	454,801	204,801
Interest	-	-	386,225	386,225
Total general property taxes	<u>\$ 23,163,452</u>	<u>\$ 23,163,452</u>	<u>\$ 22,011,460</u>	<u>\$ (1,151,992)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,890,963	\$ 240,963
Consumers' utility taxes	1,400,000	1,400,000	1,141,121	(258,879)
Electric and natural gas consumption taxes	-	-	161,512	161,512
E-911 telephone taxes	290,000	290,000	249,676	(40,324)
E-911 wireless telephone taxes	28,189	28,189	90,086	61,897
Business license taxes	1,325,000	1,325,000	1,541,460	216,460
Cable TV and gas franchise tax	110,000	110,000	222,691	112,691
Motor vehicle licenses	389,000	389,000	389,635	635
Bank stock taxes	110,000	110,000	106,363	(3,637)
Taxes on recordation and wills	120,000	120,000	173,224	53,224
Total other local taxes	<u>\$ 5,422,189</u>	<u>\$ 5,422,189</u>	<u>\$ 5,966,731</u>	<u>\$ 544,542</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,548	\$ (1,452)
Permits and other licenses	125,000	155,000	175,858	20,858
Total permits, privilege fees, and regulatory licenses	<u>\$ 130,000</u>	<u>\$ 160,000</u>	<u>\$ 179,406</u>	<u>\$ 19,406</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 90,000	\$ 72,000	\$ 74,318	\$ 2,318
Revenue from use of money and property:				
Revenue from use of money	\$ 192,060	\$ 192,060	\$ 378,072	\$ 186,012
Revenue from use of property	90,000	90,000	88,549	(1,451)
Total revenue from use of money and property	<u>\$ 282,060</u>	<u>\$ 282,060</u>	<u>\$ 466,621</u>	<u>\$ 184,561</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 4,700	\$ 4,700	\$ 11,939	\$ 7,239
Charges for courthouse maintenance	16,000	16,000	14,230	(1,770)
Charges for EMS	260,000	260,000	242,181	(17,819)
Charges for law library	11,970	18,066	-	(18,066)
Charges for courthouse security	-	-	11,426	11,426
Miscellaneous dog fees	5,000	5,000	6,082	1,082
Total charges for services	<u>\$ 297,670</u>	<u>\$ 303,766</u>	<u>\$ 285,858</u>	<u>\$ (17,908)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 128,332	\$ 128,333	\$ 314,324	\$ 185,991
Payment in lieu of taxes	44,000	44,000	33,863	(10,137)
Total miscellaneous revenue	<u>\$ 172,332</u>	<u>\$ 172,333</u>	<u>\$ 348,187</u>	<u>\$ 175,854</u>
Recovered costs:				
Insurance and FEMA refunds	\$ -	\$ 155,441	\$ 146,392	\$ (9,049)
Administrative charge back solid waste	454,000	454,000	454,000	-
Administrative charge back sewer service	396,000	396,000	396,000	-
Total recovered costs	<u>\$ 850,000</u>	<u>\$ 1,005,441</u>	<u>\$ 996,392</u>	<u>\$ (9,049)</u>
Total revenue from local sources	<u>\$ 30,407,703</u>	<u>\$ 30,581,241</u>	<u>\$ 30,328,973</u>	<u>\$ (252,268)</u>



**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
**Page 2 of 7**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell School Board	\$ -	\$ -	\$ 241,104	\$ 241,104
Total revenues from local governments	\$ -	\$ -	\$ 241,104	\$ 241,104
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 13,060	\$ 13,060	\$ 12,753	\$ (307)
Wine taxes	13,700	13,700	13,689	(11)
Motor vehicle carriers' tax	20,000	20,000	19,337	(663)
Mobile home titling tax	5,000	5,000	2,187	(2,813)
State recordation tax	25,000	25,000	68,370	43,370
Personal property tax relief funds	-	-	1,661,495	1,661,495
Total noncategorical aid	\$ 76,760	\$ 76,760	\$ 1,777,831	\$ 1,701,071
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 346,700	\$ 378,235	\$ 349,136	\$ (29,099)
Sheriff	291,838	311,148	308,553	(2,595)
Commissioner of revenue	98,847	103,019	102,911	(108)
Treasurer	100,147	105,055	103,475	(1,580)
Registrar/electoral board	35,000	35,000	46,056	11,056
Clerk of the Circuit Court	204,600	214,877	205,525	(9,352)
Total shared expenses	\$ 1,077,132	\$ 1,147,334	\$ 1,115,656	\$ (31,678)
Other categorical aid:				
Street and highway maintenance	\$ 2,700,000	\$ 2,700,000	\$ 2,753,630	\$ 53,630
Emergency medical services - 4 for life	-	9,000	14,809	5,809
DMV	14,000	14,000	3,352	(10,648)
Other state aid	2,402	-	538	538
HB 599 police support	1,280,166	1,280,166	1,280,168	2
Arts and humanities grant	4,150	4,150	4,150	-
School resource officer	-	70,000	38,285	(31,715)
Victim-witness grant	112,583	112,583	93,673	(18,910)
VJCCA	145,999	145,999	108,890	(37,109)
Fire programs	50,470	50,470	50,470	-
Total other categorical aid	\$ 4,309,770	\$ 4,386,368	\$ 4,347,965	\$ (38,403)
Total categorical aid	\$ 5,386,902	\$ 5,533,702	\$ 5,463,621	\$ (70,081)
Total revenue from the Commonwealth	\$ 5,463,662	\$ 5,610,462	\$ 7,241,452	\$ 1,630,990
Revenue from the federal government:				
Categorical aid:				
Local fire department block grant	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Police grant	-	23,925	31,624	7,699
Civil defense, emergency management	38,000	62,867	46,346	(16,521)
Social services indirect cost allocation	50,000	50,000	98,666	48,666
Emergency management, homeland security	-	98,884	98,884	-
Total categorical aid	\$ 94,000	\$ 241,676	\$ 275,520	\$ 33,844
Total revenue from the federal government	\$ 94,000	\$ 241,676	\$ 275,520	\$ 33,844
Total General Fund	\$ 35,965,365	\$ 36,433,379	\$ 38,087,049	\$ 1,653,670

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
**Page 3 of 7**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,254,988	\$ 1,184,971	\$ 1,069,522	\$ (115,449)
Total categorical aid	\$ 1,254,988	\$ 1,184,971	\$ 1,069,522	\$ (115,449)
Total revenue from the Commonwealth	\$ 1,254,988	\$ 1,184,971	\$ 1,069,522	\$ (115,449)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,689,396	\$ 2,601,361	\$ 2,318,859	\$ (282,502)
Total categorical aid	\$ 2,689,396	\$ 2,601,361	\$ 2,318,859	\$ (282,502)
Total revenue from the federal government	\$ 2,689,396	\$ 2,601,361	\$ 2,318,859	\$ (282,502)
Total Virginia Public Assistance Fund	\$ 3,944,384	\$ 3,786,332	\$ 3,388,381	\$ (397,951)
<b>Recreation Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 13,213	\$ 13,213
Revenue from the use of property	-	21,670	13,332	(8,338)
Total revenue from use of money and property	\$ -	\$ 21,670	\$ 26,545	\$ 4,875
Charges for services:				
Other charges for services	\$ 306,155	\$ 114,336	\$ 231,592	\$ 117,256
Total charges for services	\$ 306,155	\$ 114,336	\$ 231,592	\$ 117,256
Miscellaneous revenue:				
Donations	\$ -	\$ 8,800	\$ 43,304	\$ 34,504
Miscellaneous refunds and grants	10,000	65,900	32,960	(32,940)
Total miscellaneous revenue	\$ 10,000	\$ 74,700	\$ 76,264	\$ 1,564
Total revenue from local sources	\$ 316,155	\$ 210,706	\$ 334,401	\$ 123,695
Revenue from the federal government:				
Categorical aid:				
DCR recreation grant	\$ -	\$ 30,253	\$ 28,248	\$ (2,005)
Total categorical aid	\$ -	\$ 30,253	\$ 28,248	\$ (2,005)
Total revenue from the federal government	\$ -	\$ 30,253	\$ 28,248	\$ (2,005)
Total Recreation Fund	\$ 316,155	\$ 240,959	\$ 362,649	\$ 121,690

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
**Page 4 of 7**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Community Development Block Grant Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6	\$ 6
Total revenue from use of money and property	\$ -	\$ -	\$ 6	\$ 6
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant funds		\$ 245,532	\$ 150,649	\$ (94,883)
Total categorical aid	\$ -	\$ 245,532	\$ 150,649	\$ (94,883)
Total revenue from the federal government	\$ -	\$ 245,532	\$ 150,649	\$ (94,883)
Total Community Development Block Grant Fund	\$ -	\$ 245,532	\$ 150,655	\$ (94,877)
<b>Anti-Litter Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 311	\$ 311
Total revenue from use of money and property	\$ -	\$ -	\$ 311	\$ 311
Total revenue from local sources	\$ -	\$ -	\$ 311	\$ 311
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	\$ -	\$ -	\$ 6,568	\$ 6,568
Total categorical aid	\$ -	\$ -	\$ 6,568	\$ 6,568
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,568	\$ 6,568
Total Anti-Litter Fund	\$ -	\$ -	\$ 6,879	\$ 6,879
<b>Capital Projects Fund:</b>				
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 475,000	\$ 475,000	\$ 470,035	(4,965)
Restaurant food taxes	960,000	960,000	1,154,388	194,388
Total other local taxes	\$ 1,435,000	\$ 1,435,000	\$ 1,624,423	\$ 189,423
Revenue from use of money and property:				
Revenue from the use of money	\$ 286,000	\$ 286,000	\$ 1,243,475	\$ 957,475
Total revenue from use of money and property	\$ 286,000	\$ 286,000	\$ 1,243,475	\$ 957,475
Miscellaneous revenue:				
Other miscellaneous	\$ 125,000	\$ 125,000	\$ 124,999	\$ (1)
Total miscellaneous revenue	\$ 125,000	\$ 125,000	\$ 124,999	\$ (1)
Total revenue from local sources	\$ 1,846,000	\$ 1,846,000	\$ 2,992,897	\$ 1,146,897
Total Capital Projects Fund	\$ 1,846,000	\$ 1,846,000	\$ 2,992,897	\$ 1,146,897
Total Primary Government	\$ 42,071,904	\$ 42,552,202	\$ 44,988,510	\$ 2,436,308

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
**Page 5 of 7**

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,000	\$ 7,000	\$ 10,208	\$ 3,208
Total revenue from use of money and property	\$ 15,000	\$ 7,000	\$ 10,208	\$ 3,208
Charges for services:				
Charges for education	\$ 283,730	\$ 213,316	\$ 241,091	\$ 27,775
Total charges for services	\$ 283,730	\$ 213,316	\$ 241,091	\$ 27,775
Miscellaneous revenue:				
Other miscellaneous	\$ 78,050	\$ 112,898	\$ 87,201	\$ (25,697)
Total miscellaneous revenue	\$ 78,050	\$ 112,898	\$ 87,201	\$ (25,697)
Recovered costs:				
E-rate funds	\$ 37,505	\$ 78,417	\$ 78,417	\$ -
Total recovered costs	\$ 37,505	\$ 78,417	\$ 78,417	\$ -
Total revenue from local sources	\$ 414,285	\$ 411,631	\$ 416,917	\$ 5,286
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	\$ 9,609,568	\$ 9,609,568	\$ 9,699,737	\$ 90,169
Total revenues from local governments	\$ 9,609,568	\$ 9,609,568	\$ 9,699,737	\$ 90,169
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,519,323	\$ 3,462,754	\$ 3,301,069	\$ (161,685)
Basic school aid	11,188,766	11,472,583	11,455,132	(17,451)
ISAEF	15,717	15,717	15,717	-
Remedial summer education	91,287	93,400	93,400	-
Regular foster care	6,875	6,875	8,019	1,144
Homebound education	49,603	49,603	48,072	(1,531)
Gifted and talented	113,775	115,746	115,630	(116)
Remedial education	548,456	557,956	557,398	(558)
Salary supplement	236,303	240,396	240,155	(241)
Special education	1,636,615	1,664,966	1,673,038	8,072
School leadership grant	-	92,275	57,343	(34,932)
Vocational standards of quality payments	370,289	376,404	369,063	(7,341)
Social security fringe benefits	664,984	675,428	625,590	(49,838)
Retirement fringe benefits	620,208	630,024	587,047	(42,977)
Enrollment loss	51,398	-	-	-
State lottery payments	715,443	715,015	714,299	(716)
Early reading intervention	75,576	75,576	75,576	-
At risk payments	658,075	669,608	668,909	(699)
Primary class size	635,605	678,949	678,949	-
At risk four-year olds	111,639	111,639	111,639	-
Education technology	232,000	232,000	258,000	26,000
Standards of Learning algebra readiness	65,317	65,428	65,428	-
Mentor teacher program	-	29,044	27,192	(1,852)
English as a second language	46,648	46,648	46,648	-
Other state funds	-	-	6,500	6,500
Total categorical aid	\$ 21,653,902	\$ 22,078,034	\$ 21,799,813	\$ (278,221)
Total revenue from the Commonwealth	\$ 21,653,902	\$ 22,078,034	\$ 21,799,813	\$ (278,221)

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
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<b><u>Fund, Major and Minor Revenue Source</u></b>	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget - Positive (Negative)</u></b>
Discretely Presented Component Unit - School Board: (Continued)	-	-		
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,330,084	\$ 1,473,704	\$ 1,135,152	\$ (338,552)
Title VI-B, special education	1,106,339	1,185,430	722,351	(463,079)
Vocational education	102,578	102,578	112,206	9,628
21st Century learning grant	252,020	252,020	144,311	(107,709)
Title IID	-	40,926	40,926	-
Title V	50,509	31,651	40,228	8,577
Title II	375,579	363,212	301,735	(61,477)
Title VI	11,472	11,472	-	(11,472)
Impact aid	38,640	47,859	43,956	(3,903)
Mentor teacher	-	-	17,374	17,374
Special projects	10,000	16,500	156	(16,344)
Drug free school	63,823	63,823	22,467	(41,356)
Jr ROTC	49,500	49,500	46,175	(3,325)
Headstart	1,527,161	1,527,161	1,135,877	(391,284)
Total categorical aid	<u>\$ 4,917,705</u>	<u>\$ 5,165,836</u>	<u>\$ 3,762,914</u>	<u>\$ (1,402,922)</u>
Total revenue from the federal government	<u>4,917,705</u>	<u>5,165,836</u>	<u>3,762,914</u>	<u>(1,402,922)</u>
Total School Operating Fund	<u>\$ 36,595,460</u>	<u>\$ 37,265,069</u>	<u>\$ 35,679,381</u>	<u>\$ (1,585,688)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 5,300</u>	<u>\$ 5,300</u>	<u>\$ 12,485</u>	<u>\$ 7,185</u>
Charges for services:				
Cafeteria sales	<u>\$ 585,000</u>	<u>\$ 585,000</u>	<u>\$ 624,453</u>	<u>\$ 39,453</u>
Total revenue from local sources	<u>\$ 590,300</u>	<u>\$ 590,300</u>	<u>\$ 636,938</u>	<u>\$ 46,638</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 23,330</u>	<u>\$ 23,330</u>	<u>\$ 25,463</u>	<u>\$ 2,133</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	<u>\$ 873,000</u>	<u>\$ 873,000</u>	<u>\$ 1,169,740</u>	<u>\$ 296,740</u>
USDA commodities	<u>-</u>	<u>-</u>	<u>86,989</u>	<u>86,989</u>
Total categorical aid	<u>\$ 873,000</u>	<u>\$ 873,000</u>	<u>\$ 1,256,729</u>	<u>\$ 383,729</u>
Total revenue from the federal government	<u>\$ 873,000</u>	<u>\$ 873,000</u>	<u>\$ 1,256,729</u>	<u>\$ 383,729</u>
Total School Cafeteria Fund	<u>\$ 1,486,630</u>	<u>\$ 1,486,630</u>	<u>\$ 1,919,130</u>	<u>\$ 432,500</u>

**City of Hopewell, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 1**  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
<b>School Textbook Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of property	\$ 8,000	\$ 8,000	\$ 920	\$ (7,080)
Total revenue from use of money and property	\$ 8,000	\$ 8,000	\$ 920	\$ (7,080)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 257	\$ 257
Total miscellaneous revenue	\$ -	\$ -	\$ 257	\$ 257
Total revenue from local sources	\$ 8,000	\$ 8,000	\$ 1,177	\$ (6,823)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook funds	\$ 184,141	\$ 187,331	\$ 187,143	\$ (188)
Total categorical aid	\$ 184,141	\$ 187,331	\$ 187,143	\$ (188)
Total revenue from the Commonwealth	\$ 184,141	\$ 187,331	\$ 187,143	\$ (188)
Total School Textbook Fund	\$ 192,141	\$ 195,331	\$ 188,320	\$ (7,011)
<b>Capital Projects Fund:</b>				
<b>Building and Bus Replacement Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 62,251	\$ 62,251
Total revenue from use of money and property	\$ -	\$ -	\$ 62,251	\$ 62,251
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 70,000	\$ 121,546	\$ 51,546
Total miscellaneous revenue	\$ -	\$ 70,000	\$ 121,546	\$ 51,546
Revenue from the Commonwealth:				
Noncategorical aid:				
Literary loan subsidy	\$ -	\$ -	\$ 200,573	\$ 200,573
Total noncategorical aid	\$ -	\$ -	\$ 200,573	\$ 200,573
Categorical aid:				
State construction funds	\$ 161,229	\$ 161,229	\$ 161,042	\$ (187)
Total categorical aid	\$ 161,229	\$ 161,229	\$ 161,042	\$ (187)
Total revenue from the Commonwealth	\$ 161,229	\$ 161,229	\$ 361,615	\$ 200,386
Total Building and Bus Replacement Fund	\$ 161,229	\$ 231,229	\$ 545,412	\$ 314,183
Total Discretely Presented Component Unit - School Board	\$ 38,435,460	\$ 39,178,259	\$ 38,332,243	\$ (846,016)

**City of Hopewell, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 2**  
**Page 1 of 5**

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
City council	\$ 109,911	\$ 113,139	\$ 109,689	\$ 3,450
City clerk	70,314	72,104	69,122	2,982
Total general government administration	<u>\$ 180,225</u>	<u>\$ 185,243</u>	<u>\$ 178,811</u>	<u>\$ 6,432</u>
General and financial administration:				
City manager	\$ 203,897	\$ 254,453	\$ 258,664	\$ (4,211)
City attorney	192,606	198,015	193,343	4,672
Information/Research department	105,355	107,363	73,795	33,568
Commissioner of revenue	307,839	321,371	320,864	507
Personnel office	311,758	295,108	205,070	90,038
Treasurer	292,839	306,729	311,540	(4,811)
Finance	1,270,227	1,335,758	1,198,038	137,720
Total general and financial administration	<u>\$ 2,684,521</u>	<u>\$ 2,818,797</u>	<u>\$ 2,561,314</u>	<u>\$ 257,483</u>
Board of elections:				
Electoral board and officials	\$ 139,998	\$ 151,590	\$ 128,926	\$ 22,664
Total board of elections	<u>\$ 139,998</u>	<u>\$ 151,590</u>	<u>\$ 128,926</u>	<u>\$ 22,664</u>
Total general government administration	<u>\$ 3,004,744</u>	<u>\$ 3,155,630</u>	<u>\$ 2,869,051</u>	<u>\$ 286,579</u>
Judicial administration:				
Courts:				
Circuit court	\$ 49,400	\$ 46,700	\$ 32,725	\$ 13,975
General district court	23,750	23,450	16,999	6,451
Sheriff	519,189	537,394	564,951	(27,557)
Law library	-	18,066	-	18,066
Clerk of the circuit court	292,344	300,836	278,325	22,511
Victim and witness assistance	104,554	114,032	99,201	14,831
Court services unit	13,200	13,200	5,136	8,064
Southside Legal Aid contribution	8,610	8,610	8,610	-
Total courts	<u>\$ 1,011,047</u>	<u>\$ 1,062,288</u>	<u>\$ 1,005,947</u>	<u>\$ 56,341</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 488,649	\$ 479,643	\$ 430,146	\$ 49,497
Total commonwealth's attorney	<u>\$ 488,649</u>	<u>\$ 479,643</u>	<u>\$ 430,146</u>	<u>\$ 49,497</u>
Total judicial administration	<u>\$ 1,499,696</u>	<u>\$ 1,541,931</u>	<u>\$ 1,436,093</u>	<u>\$ 105,838</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,070,942	\$ 5,256,191	\$ 5,027,074	\$ 229,117
Total law enforcement and traffic control	<u>\$ 5,070,942</u>	<u>\$ 5,256,191</u>	<u>\$ 5,027,074</u>	<u>\$ 229,117</u>
Fire and rescue services:				
Fire department	\$ 3,303,593	\$ 3,283,456	\$ 2,877,190	\$ 406,266
Total fire and rescue services	<u>\$ 3,303,593</u>	<u>\$ 3,283,456</u>	<u>\$ 2,877,190</u>	<u>\$ 406,266</u>

**City of Hopewell, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 2**  
**Page 2 of 5**

<b>Fund, Function, Activity and Department</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Crater Youth Care Commission	\$ 375,000	\$ 375,000	\$ 463,360	\$ (88,360)
Riverside Regional Jail	2,035,393	2,035,393	1,505,740	529,653
VJCCCA grant	189,909	191,336	175,304	16,032
Total correction and detention	<u>\$ 2,600,302</u>	<u>\$ 2,601,729</u>	<u>\$ 2,144,404</u>	<u>\$ 457,325</u>
Inspections:				
Building	\$ -	\$ 327,614	\$ 290,182	\$ 37,432
Total inspections	<u>\$ -</u>	<u>\$ 327,614</u>	<u>\$ 290,182</u>	<u>\$ 37,432</u>
Other protection:				
Animal control	\$ -	\$ 181,895	\$ 166,757	\$ 15,138
Emergency and safety services	-	132,057	88,603	43,454
Total other protection	<u>\$ -</u>	<u>\$ 313,952</u>	<u>\$ 255,360</u>	<u>\$ 58,592</u>
Total public safety	<u>\$ 10,974,837</u>	<u>\$ 11,782,942</u>	<u>\$ 10,594,210</u>	<u>\$ 1,188,732</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 3,764,399	\$ 4,013,354	\$ 3,706,464	\$ 306,890
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 3,764,399</u>	<u>\$ 4,013,354</u>	<u>\$ 3,706,464</u>	<u>\$ 306,890</u>
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 46,900	\$ 46,900	\$ 25,441	\$ 21,459
Total maintenance of general buildings and grounds	<u>\$ 46,900</u>	<u>\$ 46,900</u>	<u>\$ 25,441</u>	<u>\$ 21,459</u>
Total public works	<u>\$ 3,811,299</u>	<u>\$ 4,060,254</u>	<u>\$ 3,731,905</u>	<u>\$ 328,349</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 157,670	\$ 157,670	\$ 145,057	\$ 12,613
Total health	<u>\$ 157,670</u>	<u>\$ 157,670</u>	<u>\$ 145,057</u>	<u>\$ 12,613</u>
Mental health and mental retardation:				
Community services board	\$ 91,865	\$ 91,865	\$ 91,865	\$ -
Total mental health and mental retardation	<u>\$ 91,865</u>	<u>\$ 91,865</u>	<u>\$ 91,865</u>	<u>\$ -</u>
Welfare:				
State/local hospitalization	\$ 12,000	\$ 12,000	\$ 10,800	\$ 1,200
Contribution to Comprehensive Services Act Board	571,000	816,000	859,278	(43,278)
Tax relief for the elderly	175,000	175,000	156,525	18,475
Total welfare	<u>\$ 758,000</u>	<u>\$ 1,003,000</u>	<u>\$ 1,026,603</u>	<u>\$ (23,603)</u>
Total health and welfare	<u>\$ 1,007,535</u>	<u>\$ 1,252,535</u>	<u>\$ 1,263,525</u>	<u>\$ (10,990)</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 8,670	\$ 8,670	\$ 9,081	\$ (411)
Contribution to City School Board	8,187,046	8,187,046	8,277,224	(90,178)
Total education	<u>\$ 8,195,716</u>	<u>\$ 8,195,716</u>	<u>\$ 8,286,305</u>	<u>\$ (90,589)</u>



**City of Hopewell, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 2**  
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<b><u>Fund, Function, Activity and Department</u></b>	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget - Positive (Negative)</u></b>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 12,250	\$ 12,250	\$ 12,250	\$ -
Historical society	2,450	2,450	2,450	-
Arts and humanities	8,300	8,300	8,300	-
Total cultural enrichment	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 473,695	\$ 490,562	\$ 490,562	\$ -
Total library	<u>\$ 473,695</u>	<u>\$ 490,562</u>	<u>\$ 490,562</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 496,695</u>	<u>\$ 513,562</u>	<u>\$ 513,562</u>	<u>\$ -</u>
Community development:				
Planning and community development:				
Community development	\$ 723,798	\$ 896,255	\$ 584,166	\$ 312,089
Tourism and economic development	434,619	437,012	431,602	5,410
Total planning and community development	<u>\$ 1,158,417</u>	<u>\$ 1,333,267</u>	<u>\$ 1,015,768</u>	<u>\$ 317,499</u>
Total community development	<u>\$ 1,158,417</u>	<u>\$ 1,333,267</u>	<u>\$ 1,015,768</u>	<u>\$ 317,499</u>
Nondepartmental:				
Employee welfare and other benefits	\$ 574,720	\$ 574,720	\$ 445,668	\$ 129,052
Property and liability insurance	233,625	233,625	164,399	69,226
Other	31,926	60,364	42,265	18,099
Contingency	652,101	69,382	-	69,382
Contributions to civic organizations	106,120	106,120	94,628	11,492
Total nondepartmental	<u>\$ 1,598,492</u>	<u>\$ 1,044,211</u>	<u>\$ 746,960</u>	<u>\$ 297,251</u>
Debt service:				
Principal retirement	\$ 1,452,039	\$ 1,452,039	\$ 2,497,039	\$ (1,045,000)
Interest and other fiscal charges	578,423	578,423	543,245	35,178
Total debt service	<u>\$ 2,030,462</u>	<u>\$ 2,030,462</u>	<u>\$ 3,040,284</u>	<u>\$ (1,009,822)</u>
Total General Fund	<u><u>\$ 33,777,893</u></u>	<u><u>\$ 34,910,510</u></u>	<u><u>\$ 33,497,663</u></u>	<u><u>\$ 1,412,847</u></u>
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,220,299	\$ 1,241,569	\$ 1,154,328	\$ 87,241
Public assistance	909,595	912,031	709,983	202,048
Purchased services	2,294,299	2,212,970	2,015,705	197,265
Total welfare and social services	<u>4,424,193</u>	<u>4,366,570</u>	<u>3,880,016</u>	<u>486,554</u>
Total health and welfare	<u>4,424,193</u>	<u>4,366,570</u>	<u>3,880,016</u>	<u>486,554</u>
Total Virginia Public Assistance Fund	<u><u>\$ 4,424,193</u></u>	<u><u>\$ 4,366,570</u></u>	<u><u>\$ 3,880,016</u></u>	<u><u>\$ 486,554</u></u>

**City of Hopewell, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

**Schedule 2**  
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>Recreation Fund:</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 556,124	\$ 515,212	\$ 498,757	\$ 16,455
Community division	91,095	93,625	82,179	11,446
Athletics division	118,561	122,257	109,643	12,614
Seniors division	135,803	142,742	107,960	34,782
Pool center	203,915	212,367	208,440	3,927
Parks	460,428	480,125	463,132	16,993
Harbor patrol and marina operation	39,598	260,055	210,774	49,281
Other	96,007	103,405	88,833	14,572
Total parks and recreation	<u>\$ 1,701,531</u>	<u>\$ 1,929,788</u>	<u>\$ 1,769,718</u>	<u>\$ 160,070</u>
Total Recreation Fund	<u>\$ 1,701,531</u>	<u>\$ 1,929,788</u>	<u>\$ 1,769,718</u>	<u>\$ 160,070</u>
<b>Community Development Block Grant Fund:</b>				
Community development:				
Planning and community development:				
Community development	<u>\$ -</u>	<u>\$ 469,006</u>	<u>\$ 148,577</u>	<u>320,429</u>
<b>Anti-Litter Fund:</b>				
Public works:				
Sanitation and waste removal:				
Anti-litter program	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,712</u>	<u>\$ (4,712)</u>
<b>Capital Projects Fund:</b>				
<b>Capital Projects Fund:</b>				
Education:				
Other instructional costs:				
Contribution to City School Board	<u>\$ 1,326,393</u>	<u>\$ 1,326,393</u>	<u>\$ 1,422,512</u>	<u>\$ (96,119)</u>
Capital projects expenditures:				
Parks and recreation	\$ -	\$ 360,560	\$ 27,651	\$ 332,909
Tourism	28,000	28,000	-	28,000
GIS mapping	-	145,355	48,002	97,353
Library	-	8,518,635	4,730,841	3,787,794
City Point waterfront	-	62,534	-	62,534
East Broadway Bridge	-	165,000	-	165,000
Other projects	-	82,150	34,870	47,280
Streets, curbs and gutters	-	423,279	21,731	401,548
Information management system	100,000	138,788	117,789	20,999
Archaeological and anthropology studies	-	46,420	21,940	24,480
Downtown development plan	-	300,000	283,326	16,674
Historic Hopewell project	22,000	22,000	22,000	-
Downtown construction street scape	-	4,684,876	528,680	4,156,196
Voting machines	-	30,000	-	30,000
Downtown construction	-	631,666	-	631,666
Capital equipment	450,000	450,000	417,381	32,619
Total capital projects	<u>\$ 600,000</u>	<u>\$ 16,089,263</u>	<u>\$ 6,254,211</u>	<u>\$ 9,835,052</u>
Debt service:				
Principal retirement	\$ 1,109,666	\$ 1,109,666	\$ 930,000	\$ 179,666
Interest and other fiscal charges	1,485,834	1,485,834	1,483,484	2,350
Bond agent fees	305,500	280,636	142,139	138,497
Total debt service	<u>2,901,000</u>	<u>2,876,136</u>	<u>2,555,623</u>	<u>320,513</u>
Total County Capital Improvements Fund	<u>\$ 4,827,393</u>	<u>\$ 20,291,792</u>	<u>\$ 10,232,346</u>	<u>\$ 10,059,446</u>
Total Primary Government	<u>\$ 44,731,010</u>	<u>\$ 61,967,666</u>	<u>\$ 49,533,032</u>	<u>\$ 12,434,634</u>

City of Hopewell, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2006

Schedule 2  
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special revenue funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration	\$ 1,099,598	\$ 1,134,598	\$ 1,101,802	\$ 32,796
Total administration of schools	\$ 1,099,598	\$ 1,134,598	\$ 1,101,802	\$ 32,796
Instruction costs:				
Compensation	\$ 26,758,434	\$ 26,925,291	\$ 25,575,973	\$ 1,349,318
Supplies	1,060,148	1,307,520	1,332,840	(25,320)
Equipment	685,755	597,926	523,401	74,525
Purchased services	1,264,759	1,389,012	1,074,063	314,949
Total instruction costs	\$ 29,769,096	\$ 30,219,749	\$ 28,506,277	\$ 1,713,472
Operating costs:				
Attendance and health services	\$ 608,208	\$ 586,208	\$ 545,062	\$ 41,146
Pupil transportation	738,126	788,126	627,423	160,703
Operation and maintenance of school plant	4,454,610	4,665,795	4,580,351	85,444
Total operating costs	\$ 5,800,944	\$ 6,040,129	\$ 5,752,836	\$ 287,293
Total education	\$ 36,669,638	\$ 37,394,476	\$ 35,360,915	\$ 2,033,561
Total School Fund	\$ 36,669,638	\$ 37,394,476	\$ 35,360,915	\$ 2,033,561
<b>Special revenue funds:</b>				
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,665,505	\$ 1,665,505	\$ 1,736,220	\$ (70,715)
Total education	\$ 1,665,505	\$ 1,665,505	\$ 1,736,220	\$ (70,715)
Total Cafeteria Fund	\$ 1,665,505	\$ 1,665,505	\$ 1,736,220	\$ (70,715)
<b>School Textbook Fund:</b>				
Education:				
Instruction	\$ 585,377	\$ 888,209	\$ 509,137	\$ 379,072
Total education	\$ 585,377	\$ 888,209	\$ 509,137	\$ 379,072
Total School Textbook Fund	\$ 585,377	\$ 888,209	\$ 509,137	\$ 379,072
<b>Building and Bus Replacement Fund:</b>				
Capital projects expenditures:				
Contribution to the primary government	\$ -	\$ -	\$ 241,104	\$ (241,104)
Capital projects	860,000	930,000	745,383	184,617
Total capital projects	\$ 860,000	\$ 930,000	\$ 986,487	\$ (56,487)
Total School Capital Projects Fund	\$ 860,000	\$ 930,000	\$ 986,487	\$ (56,487)
Total Discretely Presented Component Unit - School Board	\$ 39,780,520	\$ 40,878,190	\$ 38,592,759	\$ 2,285,431

## ***STATISTICAL SECTION***

## ***STATISTICAL TABLES***

## Statistical Section

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### Tables

#### Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 4

#### Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

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#### Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

9 - 11

#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

12 - 13

#### Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

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*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Net Assets by Component  
Last Four Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ (518,312)	\$ (700,037)	\$ (2,904,259)	\$ (5,034,392)
Restricted	1,064,242	5,586,904	16,720,846	6,623,230
Unrestricted	23,956,694	20,887,012	10,044,891	25,290,215
Total governmental activities net assets	<u>\$ 24,502,624</u>	<u>\$ 25,773,879</u>	<u>\$ 23,861,478</u>	<u>\$ 26,879,053</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 16,918,580	\$ 13,673,101	\$ 5,580,932	\$ 4,169,665
Restricted	1,167,481	1,167,481	1,167,481	395,641
Unrestricted	14,713,557	15,872,944	17,228,877	18,665,589
Total business-type activities net assets	<u>\$ 32,799,618</u>	<u>\$ 30,713,526</u>	<u>\$ 23,977,290</u>	<u>\$ 23,230,895</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 16,400,268	\$ 12,973,064	\$ 2,676,673	\$ (864,727)
Restricted	2,231,723	6,754,385	17,888,327	7,018,871
Unrestricted	38,670,251	36,759,956	27,273,768	43,955,804
Total primary government net assets	<u>\$ 57,302,242</u>	<u>\$ 56,487,405</u>	<u>\$ 47,838,768</u>	<u>\$ 50,109,948</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34.

**Changes in Net Assets**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,341,970	\$ 3,443,925	\$ 2,945,790	\$ 2,912,135
Judicial administration	1,463,565	1,495,967	1,574,921	1,677,436
Public safety	9,008,687	9,486,916	10,565,072	11,047,707
Public works	4,192,242	3,737,248	3,485,748	2,887,052
Health and welfare	4,715,320	5,194,978	5,342,722	5,264,756
Education	10,899,729	10,928,447	11,179,266	11,543,304
Parks, recreation and cultural	1,744,625	2,258,430	2,257,163	1,896,638
Community development	4,845,934	1,992,171	2,030,064	1,074,519
Interest on long-term debt	1,201,432	1,179,416	2,141,680	2,097,330
Total governmental activities expenses	<u>\$ 41,413,504</u>	<u>\$ 39,717,498</u>	<u>\$ 41,522,426</u>	<u>\$ 40,400,877</u>
Business-type activities:				
Public utilities	<u>\$ 15,685,591</u>	<u>\$ 16,090,180</u>	<u>\$ 16,185,800</u>	<u>\$ 16,272,912</u>
Total business-type activities expenses	<u>\$ 15,685,591</u>	<u>\$ 16,090,180</u>	<u>\$ 16,185,800</u>	<u>\$ 16,272,912</u>
Total primary government expenses	<u><u>\$ 57,099,095</u></u>	<u><u>\$ 55,807,678</u></u>	<u><u>\$ 57,708,226</u></u>	<u><u>\$ 56,673,789</u></u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Judicial administration	\$ 183,867	\$ 61,411	\$ 198,943	\$ 99,974
Public safety	11,985	408,843	224,206	439,608
Parks, recreation and cultural	185,600	150,713	103,291	231,592
Operating grants and contributions	8,522,988	9,471,701	9,675,502	9,554,091
Capital grants and contributions	264,598	271,737	-	-
Total governmental activities program revenues	<u>\$ 9,169,038</u>	<u>\$ 10,364,405</u>	<u>\$ 10,201,942</u>	<u>\$ 10,325,265</u>
Business-type activities:				
Charges for services:				
Public utilities	\$ 12,291,135	\$ 12,937,022	\$ 14,195,204	\$ 14,567,448
Operating grants and contributions	1,816,943	1,170,323	1,174,420	160,762
Total business-type activities program revenues	<u>\$ 14,108,078</u>	<u>\$ 14,107,345</u>	<u>\$ 15,369,624</u>	<u>\$ 14,728,210</u>
Total primary government program revenues	<u><u>\$ 23,277,116</u></u>	<u><u>\$ 24,471,750</u></u>	<u><u>\$ 25,571,566</u></u>	<u><u>\$ 25,053,475</u></u>
Net (expense) / revenue				
Governmental activities	\$ (32,244,466)	\$ (29,353,093)	\$ (31,320,484)	\$ (30,075,612)
Business-type activities	<u>(1,577,513)</u>	<u>(1,982,835)</u>	<u>(816,176)</u>	<u>(1,544,702)</u>
Total primary government net expense	<u><u>\$ (33,821,979)</u></u>	<u><u>\$ (31,335,928)</u></u>	<u><u>\$ (32,136,660)</u></u>	<u><u>\$ (31,620,314)</u></u>



**Changes in Net Assets**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 19,060,885	\$ 16,361,811	\$ 22,452,725	\$ 21,436,449
Local sales and use taxes	1,632,175	1,623,689	1,710,007	1,890,963
Consumer utility taxes	1,334,789	1,406,368	1,138,794	1,141,121
Business licenses taxes	1,299,019	1,317,942	1,411,667	1,541,460
Other local taxes	2,499,514	6,778,505	2,672,065	3,017,610
Unrestricted grants and contributions	1,693,124	1,656,911	1,591,188	1,777,831
Unrestricted revenues from use of money and property	614,596	383,429	992,484	1,736,958
Miscellaneous	314,115	890,576	147,042	550,795
Transfers	214,268	205,117	275,000	-
Total governmental activities	<u>\$ 28,662,485</u>	<u>\$ 30,624,348</u>	<u>\$ 32,390,972</u>	<u>\$ 33,093,187</u>
Business-type activities:				
Transfers	\$ (214,268)	\$ (205,117)	\$ (275,000)	\$ -
Unrestricted revenues from use of money and property	233,283	101,860	339,166	798,307
Total business-type activities	<u>\$ 19,015</u>	<u>\$ (103,257)</u>	<u>\$ 64,166</u>	<u>\$ 798,307</u>
Total primary government	<u>\$ 28,681,500</u>	<u>\$ 30,521,091</u>	<u>\$ 32,455,138</u>	<u>\$ 33,891,494</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ (3,581,981)	\$ 1,271,255	\$ 1,070,488	\$ 3,017,575
Business-type activities	<u>(1,558,498)</u>	<u>(2,086,092)</u>	<u>(752,010)</u>	<u>(746,395)</u>
Total primary government	<u>\$ (5,140,479)</u>	<u>\$ (814,837)</u>	<u>\$ 318,478</u>	<u>\$ 2,271,180</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34.

## City of Hopewell, Virginia

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund:										
Reserved	\$ 9,505,333	\$ 9,180,497	\$ 7,693,676	\$ 6,994,970	\$ 7,099,088	\$ 5,456,484	\$ 1,677,493	\$ 1,483,892	\$ 1,272,858	\$ 1,745,277
Unreserved	3,200,203	4,235,380	4,374,830	3,893,133	3,546,836	3,205,324	6,946,757	7,777,384	8,604,101	10,556,899
Total general fund	\$ 12,705,536	\$ 13,415,877	\$ 12,068,506	\$ 10,888,103	\$ 10,645,924	\$ 8,661,808	\$ 8,624,250	\$ 9,261,276	\$ 9,876,959	\$ 12,302,176
All other governmental funds:										
Reserved	\$ 4,993,511	\$ 10,599,232	\$ 15,421,384	\$ 14,407,940	\$ 10,841,312	\$ 10,268,014	\$ 7,231,064	\$ 4,167,174	\$ 15,503,841	\$ 15,441,011
Unreserved, reported in:										
Special revenue funds	278,180	328,131	233,349	438,126	577,764	638,254	780,932	1,090,129	503,031	404,844
Capital projects funds	5,892,464	3,397,385	3,755,230	3,640,331	5,688,808	5,097,288	8,170,048	10,400,891	18,250,454	12,850,203
Total all other governmental funds	\$ 11,164,155	\$ 14,324,748	\$ 19,409,963	\$ 18,486,397	\$ 17,107,884	\$ 16,003,556	\$ 16,182,044	\$ 15,658,194	\$ 34,257,326	\$ 28,696,058

City of Hopewell, Virginia

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	1997	1998	1999	2000
<b>Revenues</b>				
General property taxes	\$ 18,269,875	\$ 18,650,452	\$ 18,945,849	\$ 18,367,864
Other local taxes	5,843,222	5,946,090	5,852,180	6,138,220
Permits, privilege fees and regulatory licenses	151,340	98,289	135,824	112,536
Fines and forfeitures	98,129	134,630	118,835	97,645
Revenue from use of money and property	1,385,186	1,569,199	1,539,735	2,271,959
Charges for services	199,929	183,462	194,080	174,065
Miscellaneous	659,442	700,771	329,467	1,137,617
Recovered costs	235,063	72,736	592,857	230,514
Intergovernmental	6,765,597	7,226,375	7,649,078	8,655,722
Total revenues	<u>\$ 33,607,783</u>	<u>\$ 34,582,004</u>	<u>\$ 35,357,905</u>	<u>\$ 37,186,142</u>
<b>Expenditures</b>				
General government administration	\$ 2,053,759	\$ 2,117,448	\$ 2,575,685	\$ 2,607,634
Judicial administration	773,797	1,034,721	1,041,626	1,058,827
Public safety	6,880,910	8,627,747	8,507,450	9,509,028
Public works	3,009,981	3,420,136	3,110,221	3,353,665
Health and welfare	2,353,729	2,736,679	3,330,380	3,851,364
Education	-	-	-	-
Parks, recreation and cultural	1,208,922	1,529,381	1,538,863	1,615,164
Community development	884,972	595,335	387,281	429,776
Nondepartmental	196,166	146,204	348,109	363,184
Capital projects	454,157	1,676,574	3,057,360	5,289,395
Debt service: (1)				
Principal	963,339	1,069,964	1,394,280	1,077,315
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 18,779,732</u>	<u>\$ 22,954,189</u>	<u>\$ 25,291,255</u>	<u>\$ 29,155,352</u>
Excess of revenues over (under) expenditures	<u>\$ 14,828,051</u>	<u>\$ 11,627,815</u>	<u>\$ 10,066,650</u>	<u>\$ 8,030,790</u>
<b>Other financing sources (uses)</b>				
Transfers in	\$ 6,722,885	\$ 6,887,566	\$ 5,921,899	\$ 7,397,367
Transfers out	(17,683,423)	(15,094,571)	(16,874,228)	(17,101,735)
Bonds issued	-	-	10,235,000	-
Payments to refunded bond escrow agent	-	-	(4,950,376)	-
Capital leases	-	600,000	-	-
Total other financing sources (uses)	<u>\$ (10,960,538)</u>	<u>\$ (7,607,005)</u>	<u>\$ (5,667,705)</u>	<u>\$ (9,704,368)</u>
Net change in fund balances	<u>\$ 3,867,513</u>	<u>\$ 4,020,810</u>	<u>\$ 4,398,945</u>	<u>\$ (1,673,578)</u>
Debt service as a percentage of noncapital expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) For fiscal years 1997 - 2002 all principal and interest payments are listed as principal payments, as a principal and interest

Table 4

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 19,795,128	\$ 18,684,937	\$ 18,667,154	\$ 20,092,804	\$ 21,098,729	\$ 22,011,460
6,371,934	6,460,305	6,765,497	6,778,505	6,932,533	7,591,154
81,277	60,406	94,530	82,108	93,462	179,406
126,579	69,658	65,830	61,411	79,376	74,318
2,204,478	866,706	614,596	383,429	992,484	1,736,958
212,132	284,368	221,092	477,448	353,602	517,450
209,227	846,622	314,115	890,576	143,552	549,450
266,793	267,922	-	-	-	996,392
8,756,960	9,247,495	10,480,710	11,400,349	11,266,690	11,331,922
<u>\$ 38,024,508</u>	<u>\$ 36,788,419</u>	<u>\$ 37,223,524</u>	<u>\$ 40,166,630</u>	<u>\$ 40,960,428</u>	<u>\$ 44,988,510</u>
\$ 2,999,608	\$ 3,113,930	\$ 2,640,778	\$ 2,666,849	\$ 2,725,084	\$ 2,869,051
1,129,005	1,204,103	1,292,301	1,291,736	1,331,479	1,436,093
9,717,419	10,701,825	9,224,023	9,406,283	10,307,147	10,594,210
3,477,659	3,391,620	3,280,814	3,428,681	3,339,381	3,736,617
3,848,489	3,938,094	4,671,981	4,990,898	5,218,907	5,143,541
-	-	9,535,795	9,548,805	9,564,280	9,708,817
1,613,054	2,038,146	1,793,430	1,972,933	2,216,435	2,283,280
325,337	778,150	1,130,602	1,113,053	1,308,672	1,164,345
595,837	875,976	608,575	1,275,270	864,169	746,960
1,904,827	788,704	3,886,805	1,252,346	1,511,459	6,254,211
1,006,697	1,289,767	2,230,299	2,119,642	2,388,320	3,427,039
-	-	1,233,136	1,192,075	1,893,991	2,168,868
<u>\$ 26,617,932</u>	<u>\$ 28,120,315</u>	<u>\$ 41,528,539</u>	<u>\$ 40,258,571</u>	<u>\$ 42,669,324</u>	<u>\$ 49,533,032</u>
<u>\$ 11,406,576</u>	<u>\$ 8,668,104</u>	<u>\$ (4,305,015)</u>	<u>\$ (91,941)</u>	<u>\$ (1,708,896)</u>	<u>\$ (4,544,522)</u>
\$ 3,070,857	\$ 3,832,858	\$ 4,649,024	\$ 3,808,160	\$ 4,236,279	\$ 4,394,863
(15,681,892)	(15,721,311)	(4,434,756)	(3,603,043)	(3,961,279)	(4,394,863)
-	-	3,965,000	-	20,000,000	858,896
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (12,611,035)</u>	<u>\$ (11,888,453)</u>	<u>\$ 4,179,268</u>	<u>\$ 205,117</u>	<u>\$ 20,923,711</u>	<u>\$ 858,896</u>
<u>\$ (1,204,459)</u>	<u>\$ (3,220,349)</u>	<u>\$ (125,747)</u>	<u>\$ 113,176</u>	<u>\$ 19,214,815</u>	<u>\$ (3,685,626)</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

breakdown is not available for these fiscal years.

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Machinery and Tools		Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Personal Property					
2006	\$ 929,194,800	\$ 117,351,944	\$ 142,128,758	\$ 365,796,979	\$ 1,554,472,481	\$ 1,476,648,400	105.27%
2005	926,602,083	118,025,410	176,400,688	361,479,667	1,582,507,848	1,499,091,288	105.56%
2004	849,244,667	126,941,705	117,124,590	399,712,852	1,493,023,814	1,407,747,444	106.06%
2003	845,832,200	124,590,160	155,115,512	285,714,285	1,411,252,157	1,373,889,269	102.72%
2002	800,586,607	154,138,951	154,216,964	285,028,909	1,393,971,431	1,232,407,401	113.11%
2001	827,759,300	104,606,800	214,696,435	71,544,125	1,218,606,660	1,191,399,794	102.28%
2000	787,968,509	90,113,213	220,104,443	70,223,039	1,168,409,204	1,168,978,806	99.95%
1999	776,843,500	87,467,357	218,109,930	69,926,531	1,152,347,318	1,148,094,304	100.37%
1998	743,360,600	89,737,141	216,331,467	68,340,393	1,117,769,601	1,111,258,117	100.59%
1997	737,955,100	85,510,000	217,400,209	68,010,347	1,108,875,656	1,103,939,950	100.45%

Source: Commissioner of Revenue for the City. Assessed values for Public Service are established by the State Corporation Commission and include both real estate and personal property values.

(1) Real Estate assessed value includes both residential and commercial values, a breakdown is currently not available.

Direct Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property (2)		Machinery and Tools		Public Utility	
							Real Estate	Personal Property
1997	\$	1.14	\$	3.05	\$	3.03	\$ 1.14	\$ 3.05
1998		1.14		3.05		3.03	1.14	3.05
1999		1.14		3.05		3.03	1.14	3.05
2000		1.14		3.05		3.03	1.14	3.05
2001		1.12		3.05		3.03	1.12	3.05
2002		1.12		3.05		3.03	1.12	3.05
2003		1.20		3.05		3.05	1.20	3.05
2004		1.20		3.05		3.05	1.20	3.05
2005		1.20		3.05		3.05	1.20	3.05
2006		1.20		3.05		3.05	1.20	3.05

(1) Per \$100 of assessed value.

(2) Personal property taxes are applied to the National Automobile Dealers Association  
Dealers Association (NADA) loan value.

The City of Hopewell has no overlapping taxes.

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2006		Fiscal Year 1997	
	2006 Assessed Valuation	% of Total Assessed Valuation	1997 Assessed Valuation	% of Total Assessed Valuation
Hopewell Cogentric Limited Partnership	\$ 126,056,009	8.35%	\$ 43,655,000	3.94%
Allied Signal Corporation/Honeywell	106,491,698	7.05%	141,625,890	12.77%
Stone Container Corporation	57,783,981	3.83%	-	0.00%
James River Cogeneration Company	44,712,820	2.96%	26,788,505	2.42%
Dominion Virginia Power	44,279,948	2.93%	21,706,604	1.96%
Aqualon Company	38,149,182	2.53%	31,603,093	2.85%
Stone Container, Inc.	36,694,136	2.43%	46,532,636	4.20%
Columbia HCA/ John Randolph Hospital	33,802,037	2.24%	26,157,987	2.36%
Virginia American Water Company	19,122,787	1.27%	23,810,104	2.15%
Verizon Virginia, Inc.	9,991,838	0.66%	12,786,000	1.15%
	<u>\$ 517,084,436</u>	<u>34.25%</u>	<u>\$ 374,665,819</u>	<u>33.79%</u>

Source: Municipal Tax Assessor

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 23,704,873	\$ 21,430,559	90.41%	\$ -	\$ 21,430,559	90.41%
2005	24,705,828	18,391,177	74.44%	3,536,129	21,927,306	88.75%
2004	24,705,740	20,727,116	83.90%	2,495,002	23,222,118	93.99%
2003	19,301,997	16,317,240	84.54%	625,675	16,942,915	87.78%
2002	17,880,908	17,096,282	95.61%	1,391,817	18,488,099	103.40%
2001	19,768,008	18,636,237	94.27%	938,329	19,574,566	99.02%
2000	19,201,115	17,914,157	93.30%	240,938	18,155,095	94.55%
1999	18,948,788	18,362,964	96.91%	249,168	18,612,132	98.22%
1998	18,597,674	18,217,820	97.96%	211,273	18,429,093	99.09%
1997	18,342,040	17,994,375	98.10%	221,780	18,216,155	99.31%

Source: Municipal Tax Assessor



## City of Hopewell, Virginia

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/ Bonds	Capital Leases	Revenue Bonds	Capital Leases					
2006	\$ 36,363,368	\$ 8,221,000	\$ -	\$ -	\$ 12,685,000	\$ 28,334	\$ 57,297,702	\$ 2,563	n/a		
2005	37,000,511	9,052,000	1,100,000	-	13,305,000	56,667	60,514,178	2,707	10.84%		
2004	18,557,831	9,883,000	1,100,000	-	13,665,000	-	43,205,831	1,933	7.98%		
2003	19,846,473	10,714,000	1,100,000	-	14,010,000	-	45,670,473	2,043	8.69%		
2002	18,249,408	11,545,000	131,364	-	14,340,000	-	44,265,772	1,980	8.66%		
2001	13,327,497	12,376,000	256,783	-	14,530,000	127,196	40,617,476	1,817	8.06%		
2000	18,830,549	5,357,000	376,526	-	10,050,000	250,000	34,864,075	1,560	7.24%		
1999	19,906,265	5,838,000	490,850	-	10,215,000	-	36,450,115	1,578	7.45%		
1998	11,549,878	6,319,000	600,000	-	10,370,000	-	28,838,878	1,248	6.05%		
1997	14,751,488	4,746,800	-	-	10,535,000	-	30,033,288	1,300	6.53%		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 11

n/a - Information not currently available.

Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2006	\$ 36,363,368	\$ -	\$ 36,363,368	2.34%	\$ 1,627
2005	37,000,511	-	37,000,511	2.34%	1,655
2004	18,557,831	-	18,557,831	1.24%	830
2003	19,846,473	-	19,846,473	1.41%	888
2002	18,249,408	-	18,249,408	1.31%	816
2001	13,327,497	-	13,327,497	1.09%	596
2000	18,830,549	-	18,830,549	1.61%	842
1999	19,906,265	-	19,906,265	1.73%	862
1998	11,549,878	-	11,549,878	1.03%	500
1997	14,751,488	-	14,751,488	1.33%	639

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 73,795,510	\$ 74,336,060	\$ 77,684,350	\$ 78,796,851	\$ 82,775,930	\$ 80,058,661	\$ 84,583,220	\$ 84,924,467	\$ 92,660,208	\$ 92,919,480
Total net debt applicable to limit	19,483,288	1,786,878	25,744,265	24,187,549	25,703,497	29,925,772	31,660,473	29,540,831	47,152,511	47,152,511
Legal debt margin	\$ 54,312,222	\$ 72,549,182	\$ 51,940,085	\$ 54,609,302	\$ 57,072,433	\$ 50,132,889	\$ 52,922,747	\$ 55,383,636	\$ 45,507,697	\$ 45,766,969
Total net debt applicable to the limit as a percentage of debt limit	26.40%	2.40%	33.14%	30.70%	31.05%	37.38%	37.43%	34.78%	50.89%	50.75%

Source: Valuation bases were obtained from the Hopewell Real Estate Assessor's office.

(a) Limit set by Virginia Statute.

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 929,194,800
Add back: exempt real property	-
Total assessed value	\$ 929,194,800
Debt limit (10% of total assessed value) (a)	\$ 92,919,480
Net debt applicable to limit	47,152,511
Legal debt margin	\$ 45,766,969

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	22,354 \$	n/a	\$ n/a	5.10%
2005	22,354	558,447,628	24,982	6.80%
2004	22,354	541,659,774	24,231	6.80%
2003	22,354	525,363,708	23,502	7.70%
2002	22,354	511,079,502	22,863	6.00%
2001	22,354	504,127,408	22,552	4.10%
2000	22,354	481,840,470	21,555	3.90%
1999	23,101	489,140,574	21,174	4.90%
1998	23,101	476,411,923	20,623	4.30%
1997	23,101	459,987,112	19,912	6.60%

Source:

- (a) Population information provided by the U.S. Census Bureau.
  - (b) Personal income estimate based upon the municipal population and per capita income presented.
  - (c) Per capita personal income by municipality estimated based upon the 2000 Census published by the U.S. Bureau of Economic Analysis
  - (d) Unemployment data provided by the Virginia Employment Commission.
- n/a - Information not currently available.

## Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2006		Fiscal Year 1997		
	Employees	Rank	Employees	Rank	% of Total City Employment
Allied Signal Corporation/Honeywell	n/a	1	n/a	n/a	0.00%
City of Hopewell School System	n/a	2	n/a	n/a	0.00%
Columbia HCA John Randolph	n/a	3	n/a	n/a	0.00%
E.I. DuPont De Nemours Company	n/a	4	n/a	n/a	0.00%
City of Hopewell	n/a	5	n/a	n/a	0.00%
Stone Container Corporation	n/a	6	n/a	n/a	0.00%
Aqualon Company	n/a	7	n/a	n/a	0.00%
Goldschmidt Chemical Corporation	n/a	8	n/a	n/a	0.00%
Hopewell Operations LLC	n/a	9	n/a	n/a	0.00%
Insulation Specialties	n/a	10	n/a	n/a	0.00%
Totals	0		0		0.00%

Source: Virginia Employment Commission  
n/a - Information not currently available.

Full-time City Government Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government:										
City clerk	1	1	1	1	1	1	1	1	1	1
City attorney	2	2	2	2	2	2	2	2	2	2
City manager	7	7	7	7	7	7	7	7	7	7
Finance department	14	14	14	14	14	14	14	14	14	14
City treasurer	5	5	5	5	5	5	5	6	6	6
Commissioner of revenue	5	5	6	5	6	6	6	6	6	6
Voter registrar	1	1	1	1	1	1	1	1	1	1
Judicial administration:										
Clerk of circuit court	5	5	5	6	6	6	6	6	6	6
Commonwealth attorney	5	5	5	5	5	6	6	6	7	7
Court services	3	3	3	4	4	4	4	4	3	4
Public safety:										
Sheriffs department	7	7	7	7	7	7	7	9	9	9
Fire & rescue	38	38	38	38	37	37	37	37	40	41
Building inspections	4	4	4	3	3	3	3	4	5	5
Police department	60	60	63	66	68	70	73	73	73	73
Animal control	2	2	2	3	3	3	3	3	3	3
Emergency services	1	1	1	1	1	1	1	1	1	1
Public works:										
General maintenance	40	40	40	29	29	29	29	29	29	29
Landfill	2	2	2	2	2	2	2	2	2	2
Engineering	4	4	4	4	4	4	4	4	4	4
Sewer services	62	62	62	67	67	67	67	67	63	63
Health and welfare:										
Department of social services	40	40	40	39	39	39	40	40	41	41
Community services act	1	1	1	2	2	2	2	2	2	1
Culture and recreation:										
Parks and recreation	16	16	16	15	15	15	15	16	17	17
Tourism	1	1	1	1	1	1	1	1	1	1
Community development	3	3	3	3	3	3	3	3	3	3
Planning	1	1	1	1	1	1	1	1	2	2
Totals	330	330	334	331	333	336	340	345	348	349

Source: Individual city departments

City of Hopewell, Virginia

Table 15

Operating Indicators by Function  
Last Eight Fiscal Years

Function	1999	2000	2001	2002	2003	2004	2005	2006
Public safety								
Building inspections:								
Permits issued	1,935	1,505	1,261	1,554	1,274	1,233	1,277	1,270
Culture and recreation								
Parks and recreation:								
Summer program participants	n/a	n/a	n/a	194	177	120	597	452

Source: Individual city departments

n/a - Information not currently available.

Note: No additional operating indicator information available at this time.

## Capital Asset Statistics by Function

## Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	4	4	4	3	3
Public safety										
Fire department:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Other vehicles	5	5	5	5	6	6	6	7	8	8
Building inspections:										
Vehicles	5	5	5	5	6	6	6	6	6	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	11	11	11	11	11	11	11	11	12	12
Parks acreage	139 ac	139 ac	139 ac	139 ac	139 ac	161 ac	161 ac	161ac	161 ac	161 ac
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	13	14	14	14	14	14	14	14	14	14
Ballfields	16	16	16	16	16	20	20	20	20	20
Soccerfields	7	7	7	7	7	8	8	8	8	8

Source: Individual city departments



## ***COMPLIANCE SECTION***

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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***Report on Internal Control Over Financial Reporting and on Compliance and other  
Matters Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards***

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**To The Honorable Members of the City Council  
City of Hopewell  
Hopewell, Virginia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2006, which collectively comprise the City of Hopewell, Virginia's basic financial statements and have issued our report thereon dated October 3, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Hopewell, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Hopewell, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the City of Hopewell, Virginia, in a separate letter dated October 3, 2006.

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Fanning, & Associates*

Richmond, Virginia  
October 3, 2006

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## ***Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133***

To The Honorable Members of the City Council  
City of Hopewell  
Hopewell, Virginia

### **Compliance**

We have audited the compliance of the City of Hopewell, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2006. The City of Hopewell, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express an opinion on the City of Hopewell, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hopewell, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Hopewell, Virginia's compliance with those requirements.

In our opinion, the City of Hopewell, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2006.

### **Internal Control Over Compliance**

The management of the City of Hopewell, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hopewell, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
October 3, 2006

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2006**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart Program	93.600	\$ 1,135,877
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 14,762
Temporary Assist to Needy Families (TANF)	93.558	378,766
Refugee and Entrant Assistance - Discretionary Grants	93.566	350
Low Income Home Energy Assistance	93.568	24,763
Payments to States for Child Care Assistance	93.575	327,478
Child Care and Development Fund	93.596	511,935
Foster Care - Title IV-E	93.658	233,612
Adoption Assistance	93.659	82,889
Social Services Block Grant	93.667	215,064
Independent Living	93.674	4,046
Statewide Fraud Program	93.775	23,622
State Children's Insurance Program	93.767	278
Medical Assistance Program (Title XIX)	93.778	280,262
Total Dept. Health & Human Services-pass through		\$ 2,097,827
Total Department Health and Human Services		\$ 3,233,704
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution--School	10.555	\$ 86,989
Department of Education:		
National school breakfast program	10.553	328,995
National school lunch program	10.555	840,745
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	\$ 319,698
Total Department of Agriculture - pass-through payments		\$ 1,576,427

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2006**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Drug control and system improvement grant	16.579	\$ 31,624
Total Department of Justice		\$ 31,624
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
State Homeland Security Program	97.004	\$ 98,884
Emergency Management Preparedness Grant	97.042	46,346
Total Department of Homeland Security - pass-through		\$ 145,230
Total Department of Homeland Security		\$ 145,230
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 150,649
Department of Transportation:		
Pass Through Payments:		
Department of Conservation and Recreation:		
National Recreational Trails funding program	20.219	\$ 28,248
Total Department of Transportation		\$ 28,248
Department of the Navy:		
Direct Payments:		
JROTC	12.xxx	\$ 46,175
Total Department of Navy		\$ 46,175

**City of Hopewell, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2006**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 22,176
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	
Title I: Educationally deprived children	84.010	1,135,152
Title VI-B: Handicapped state grants	84.027	683,522
Vocational Education: Basic grants to states	84.048	112,206
Title VI-B: Handicapped preschool incentive grant	84.173	38,829
Drug free schools and communities	84.186	22,467
Title II: Teacher Quality Enhancement Grant	84.336	17,374
NCLB: State Assessments and Related Activities	84.369	4,540
Title V: Improving school programs state block grant	84.298	40,228
21st Century Community Learning Centers	84.287	144,311
Advanced placement classes	84.330	156
Technology Literacy Challenge Grant	84.318	36,386
Emergency impact aid	84.938	21,780
Title II - Part A	84.367	301,735
Total Department of Education		\$ 2,580,862
Total Federal Assistance		\$ 7,792,919



## City of Hopewell, Virginia

### Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2006

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#### Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the City of Hopewell, Virginia. The City's reporting entity is defined in note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

#### Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

#### Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

#### Intergovernmental federal revenues per the basic financial statements:

##### Primary government:

General Fund	\$	275,520
Special Revenue Funds:		
Virginia Public Assistance Fund		2,318,859
Recreation Fund		28,248
Community Development Block Grant		150,649
Total primary government	\$	<u>2,773,276</u>

##### Component Unit Public Schools:

School Operating Fund	\$	3,762,914
School Cafeteria Fund		1,256,729
Total component unit public schools	\$	<u>5,019,643</u>

##### Total federal expenditures per basic financial statements

\$ 7,792,919

##### Total federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 7,792,919

**City of Hopewell, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2006**

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued unqualified

Internal control over financial reporting:

- a. Material weaknesses identified? \_\_\_ yes      X no
- b. Reportable conditions identified that are not considered to be material weaknesses? \_\_\_ yes      X none reported

Noncompliance material to financial statements noted? \_\_\_ yes      X no

**Federal Awards**

Internal control over major programs

- A. Material weaknesses identified? \_\_\_ yes      X no
- B. Reportable conditions identified that are not considered to be material weaknesses? \_\_\_ yes      X no

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes      X no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

84.027/84.173 .....	Title VI-B Cluster
13.600 .....	Headstart
84.367 .....	Title II, Part A – Improving Teacher Quality

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes      \_\_\_ no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None